The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

COLLAPSE OF RAVEN ENTERPRISES—CAUSE, PROBABLE EFFECTS AND POSSIBILITY OF RECOVERY

SATURDAY, JUNE 1, 1935 VOLUME 73, NUMBER 1

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Shanghai, May 29, 1935

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May 29, 1935
Business Done:-
Total Volume: 2,310,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale May 27	Last Sale May 28
128	90¼	4.00	American Can	128	125
22½	14⅝	0.40	Amer. Cyanamid "B"	20⅜	19
13¾	2	—	American & For. Power	3⅜	3⅜
38⅜	9¼	—	American Locomotive	14	13¼
17⅝	10	—	American Radiator	14¼	13¾
51¼	30¼	—	American Smelting	45⅝	42¼
125¼	99¼	9.00	American Tel. & Tel.	121½	120⅝
89	67	5.00	American Tobacco "B"	88½	86½
27⅝	7¼	1.00	American Waterworks	10⅞	11⅝
17¾	8	—	Anaconda Copper	17⅝	15¾
72¾	36⅜	2.00	Atchison, S. & S. Fe	41¾	41½
35¼	21⅝	1.00	Atlantic Refining	27¼	25½
57⅝	15	—	Auburn	20	19½
34½	7⅝	—	Baltimore & Ohio	11¼	11½
28⅞	9¾	—	Bendix Aviation	14⅜	14½
49½	22½	—	Bethlehem Steel	27⅝	26¾
11¼	6½	—	Boeing Airplane Co.,	7⅝	7½
28¼	19⅞	1.60	Borden Co.	22½	22⅝
38⅞	16½	1.50	Borg Warner	38⅞	37
18¼	9½	—	Canadian Pacific Railway	11¼	10⅝
86¾	35	—	Case, J. I.	58¼	54⅝
49⅝	23	1.00	Caterpillar Tr.	47¾	46¾
40¾	15⅞	1.40	Chase National Bank	22½	21⅝
48¾	37⅛	2.80	Chesapeake & Ohio	43¾	43⅜
60⅜	29¼	1.00	Chrysler	46⅝	45⅜
19¼	3¾	—	Columbia Gas & Electric	6¼	6⅜
36¾	15¾	0.60	Coml. Solvents	20¾	19¾
3⅜	0⅜	—	Commonwealth & Southern (ord.)	1⅛	1⅛
47⅝	16¼	1.00	Consolidated Gas of N. Y.	22¾	23¼
28	15⅛	0.50	Contin ntal Oil	22¼	20⅞
84¼	55⅛	3.00	Corn Products	71⅜	70
9⅜	3⅝	—	Coty Inc.	5	4⅝
28½	14½	—	Douglas Aircraft	25⅜	25
103⅜	80	8.25	Du Pont de Nemours	101¾	99¼
23½	3¾	—	Electric Bond & Share	7	7⅛
17½	8¼	—	Fox Film "A"	16⅝	14⅞
26½	16⅞	0.60	General Electric	26¼	25¼
36⅞	28	1.80	General Foods	34⅝	34⅞
42	24⅝	1.50	General Motors	31½	32¼
23	14½	1.20	Gold Dust	15⅝	15¼
41⅝	16	—	Goodyear Tire & Rubber	19¼	18
37¾	18⅝	0.25	International Cement	29⅞	28½
29¼	21	0.60	International Nickel	29	27⅞
17⅝	5⅝	—	International Tel. & Tel.	8½	8¼
66⅝	39	—	Johns Manville	50	46¾
23¼	14	0.60	Kennecott	20⅝	18⅞
40⅜	20⅝	2.00	Loew's Inc.	41	39⅝
22½	15¾	1.20	Lorillard	21	20⅜
35⅝	20	—	Montgomery Ward	27⅝	26¼
49½	22¼	2.00	Nat. Biscuit	24¾	25¾
43	16⅞	1.00	National City Bank	21⅞	21⅝
18⅝	13	1.20	Nat- Dairy Prods.	15½	15¼
31⅝	16	0.50	National Distillers	26½	25¼
15½	5	0.80	Nat. Power & Lt.	8	8⅜
45¼	12¼	—	New York Central	17⅛	16½
25¼	9⅛	1.00	North American	13⅝	14½
23¼	12⅝	1.50	Pacific Gas & Electric	19⅝	19½
37	19	2.40	Pacific Lighting	30	30
6⅝	2¾	—	Packard Motors	4	3⅞
39⅛	17¼	1.00	Pennsylvania Railroad	21⅝	21¼
22¾	13	1.00	Phillips Petroleum	22¼	20⅝
45	20⅜	2.80	Public Serv. of N.J.	30⅛	31
8⅛	4	—	Radio Corporation	5½	5¼
62⅞	43¼	3.00	Reynolds Tobacco "B"	50¾	49⅝
38⅞	17⅛	—	Schenley	27⅝	25⅞
51¼	31	0.75	Sears Roebuck	39⅞	39
19⅝	11	0.60	Socony-Vacuum	15⅛	14⅝
22¼	10⅛	1.50	Southern California Edison	15¼	15½
33⅝	13	—	Sthrn. Pacific	17½	17
36⅛	7⅝	—	Sthrn. Railway	10⅝	10
25¼	13⅝	1.00	Stand. Brands	15	14⅝
17	1⅝	—	Standard Gas & Electric	3⅜	3⅝
42⅞	26½	1.00	Stand. Oil of Cal.	38⅞	35⅝
50⅛	35⅝	1.25	Standard Oil Co. of N. J.	48⅛	46⅝
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8⅛	5	.12½	Transamerica	6¼	6
60¼	35⅞	1.40	Union Carbide & Carbon	60	58⅛
133⅞	83½	6.00	Union Pacific	98	98
15¼	3⅛	—	United Aircraft (New)	12⅝	12½
6½	3⅝	—	Un. Airline Trans.	5⅜	5⅝
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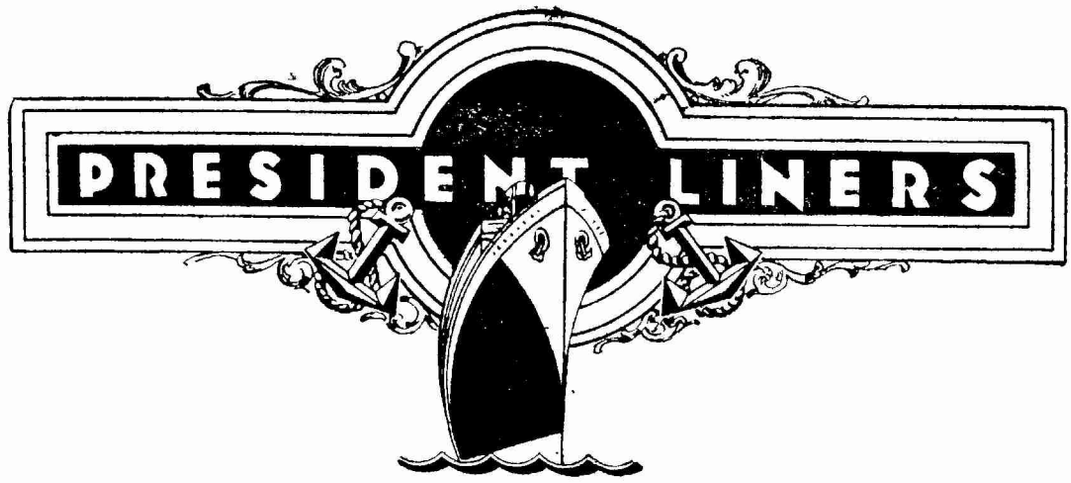

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The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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TRYING TO PLUG JAPANESE LEAK IN CENSORSHIP

JAPAN will oppose China's attempt to establish censorship control over news messages dispatched from Shanghai to Japan over the Shanghai-Nagasaki cable which maintains an office known as the Japanese Telegraph Company, located at 25 Seward road, International Settlement. The announcement of China's intentions to establish censorship control over the Japanese cable appeared in messages circulated from Nanking on May 26 and 27 claiming that China's right to maintain a censorship was covered in Article 26 of the International Telegraph Convention, to which practically all countries are signatory. This clause is said to give all countries the right to detain or censor parts of any message which is considered factually incorrect or unfavorable to the maintenance of peace and order. The Nanking report admitted that while a strict censorship had been maintained over messages dispatched by American and European correspondents over the other cable and radio services, that the Chinese government had been unable to establish a similar control over the Japanese cable and in consequence of which a serious "leak" had existed for a considerable period. Since several articles bearing on this subject have already appeared in *The Review*, a further explanation of the situation is unnecessary.

The *Shanghai Mainichi*, leading Japanese newspapers here, in a discussion of the censorship situation in China, admitted that control over news messages was a sovereign right to be exercised in extraordinary periods, particularly in times of war. The Japanese paper maintained, however, that China had invoked the censorship "needlessly," and that the imposition of the censorship had not been in China's best interests. As an example of what had occurred, the Japanese claimed that Tokyo had now become the news center of the Orient and that even the American government derived most of its political news regarding China from messages dispatched from Tokyo and distributed to newspapers in the United States and other countries. The Japanese newspaper claimed further that news reports dispatched from Shanghai and Nanking are both "negligible and unreliable," particularly those bearing on political develop-

ments. Continuing, the *Mainichi* said that while the National government had accomplished much in the development of highways and expansion of communication facilities, the progress in suppressing communists had been extremely slow and to make matters worse the censors had refused to permit American or European correspondents to send messages dealing with the "true" situation. Then declared the *Mainichi:* "Since the dispatches sent by Japanese correspondents over the Shanghai-Nagasaki cable have not been subject to censorship it is no wonder that news reports from Tokyo have been disseminated over the world thus giving correct information regarding conditions in China."

In conclusion the *Mainichi*, said that it was ridiculous for the Chinese to talk of imposing a censorship over the Japanese cable office in Shanghai . . . . . "rather than wasting time talking about censoring the Japanese cable, and for the good of China, the entire censorship should be abolished in order that foreign correspondents of all nationalities may wire their messages freely over the world."

Japanese Force Complete Reorganization of Chinese Administration in the North

A BRIEF *Rengo* dispatch from Tientsin, dated May 27, which was either ignored or given minor attention in the Shanghai newspapers on Tuesday morning of this week, was, nevertheless of tremendous importance for it told of the reorganization of the Chinese administration in North China which had been made necessary by the Japanese military intervention into the so-called Demilitarized Zone. The *Rengo* report, based on information from "reliable sources," otherwise the Japanese army, stated that Gen. Yu Hsueh-chung, chairman of the Hopei provincial administration, had consulted with members of the Peiping political and military councils and as a result had decided to remove the Hopei provincial headquarters from Tientsin to Paotingfu, which is located about 150 miles south of Peiping on the railway leading to Hankow. It is true that the Chinese authorities had contemplated this move previously, but the actual removal was precipitated by the intervention of Japanese troops into the Demilitarized zone. In addition to the removal of the provincial government from Tientsin, the Chinese authorities were compelled to dismiss from office Chang Ting-ao, Mayor of Tientsin and also Wei Han, chief secretary of the provincial government. Names of new appointees, obviously satisfactory to the Japanese military authorities, were not mentioned. In addition the Japanese message stated that following the evacuation of Gen. Yu Hsueh-chung, the status of Tientsin would be raised to that of a special municipality, the object apparently being to limit provincial interference. According to reports received by *The Review* the various changes in the Chinese administration at Tientsin had been made in response to demands upon Gen. Yu by the Japanese military authorities.

This report apparently solves the puzzle of the numerous ultimatums which the Japanese have lodged with the Chinese authorities in North China since the beginning of May. In the first ultimatum the Japanese objected to Gen. Yu's plans for reorganizing the special police force within the Zone, causing him to countermand orders which he had issued for sending the new gendarines into the zone on May 11. This was followed by another ultimatum demanding that the Chinese suppress an alleged "bandit" named Sun Yung-chin who had entered the neutral area from Manchukuo together with several thousand followers. "Bandit" Sun apparently had been operating in Jehol province, but was permitted by the Japanese to pass through their lines along the Great Wall into Hopei province. Then the Japanese issued an ultimatum claiming that Sun Yung-chin was being given protection by the Chinese magistrates and was receiving arms and munitions from Gen. Yu Hsueh-chung. The ultimatum was followed up immediately by the intervention of Japanese troops, the number being reported as "about 1,000." There were several skirmishes and one serious battle the number of Chinese soldiers killed being 300 according to the Japanese reports. In addition to these ultimatums the commander of the Japanese troops accused Gen. Yu Hsueh-chung of complicity in the murders of two Chinese editors who had been publishing pro-Japanese newpapers within the Japanese concession at Tientsin. With their objective accomplished, that is, the re-occupation of the zone, and in the face of a further extension of the Japanese sphere of military control, the Chinese authorities in the North had no alternative except submit. This apparently explains the sudden decision to reorganize the Tientsin municipal administration and remove the provincial headquarters to Paotingfu.

Although unmentioned in the news reports it is also of interest to report that rumors are in circulation regarding further political developments in North China which may culminate in the creation of an entirely new administration which would make necessary the abolition of the Peiping political and military councils. Should such a new administration be formed it obviously would be a Japanese set-up because the influence of the Japanese Kwantung army, operating from Manchukuo, is not only all powerful in North China but also exercises a dominating influence upon Japanese diplomacy with respect to the National Government at Nanking. The *Osaka Mainichi*, which voices the policies of the military general staff at Tokyo, declared on May 20 that the elevation of the status of the Japanese legation at Nanking would be followed by a still "firmer"

Japanese policy which would include the following demands:

1—China must thoroughly suppress all anti-Japanese activities throughout the country.
2—China must immediately establish military, economic and cultural rapprochement with Japan.
3—China must adhere strictly to all obligations contained in treaties between the two countries signed in the past.
4—Japan is willing to grant limited financial and material assistance to China in a military way and is willing to enter into a military alliance with China for mutual defense against a third country in case of attack from any quarter.

In connection with the foregoing, one of Japan's "special envoys," mentioned at the time of the appointment of Akira Ariyoshi as "ambassador," has already arrived at Canton and after an inspection trip to Kwangsi will then come to Shanghai where he will participate in a conference of Japanese consuls which will be held in Shanghai early in July following the arrival here of "Ambassador" Ariyoshi. The "special envoy" sent to Canton was Tatao Matsumoto, a personal emissary of Koki Hirota, foreign minister. His duty is to check up on China's suppression of anti-Japanese activities both in the commercial and educational fields. Being a personal representative of Hirota his influence will exceed that of the ambassador and in some respects will be similar to so-called "high commissioners" which countries sometimes send out to inspect and supervise conquered territories. Of still further interest in connection with the elevation of the status of the Japanese legation was a report in the *Nichi-Nichi Shimbun* (Tokyo, May 18) stating that Japan would not remove her legation from Peiping to Nanking until the question of stationing legation guards in Nanking had been settled. It was claimed that the Japanese army had raised objection to the removal of the legation (embassy) from Peiping to Nanking until China had granted permission for the simultaneous removal of the Japanese legation guards from Peiping to the National Capital. In order not to overlook any phases of Japan's "new" policy" which are to following Ariyoshi's return to his post, the following appeared in the *China Evening News* in the form of a Tokyo dispatch quoting an editorial from the *Tokyo Jiji* May 22:

(1) Japan will be ready to revise the so-called unequal treaties with China and abolish extra-territoriality in China on the condition that Japan will assist China in her internal as well as her foreign affairs.
(2) In assisting China, Japan will not repeat the mistake of the Nishihara Loan, which has proved to be ineffective. In assisting China, Japan will aid in the self-regeneration of China.
(3) As to the Sino-Japanese economic rapprochement, China should be considered an agricultural country while Japan is an industrial country.

That important developments are pending also in the field of economic rapprochement between the two nations has been indicated in inspired reports published in the Tokyo newspapers, the general tendency being outlined in the following from the *Tokyo Jiji* on May 22:

The realization of a Sino-Japanese rapproachement is considered well-nigh impossible unless China's recognition of Manchukuo is secured. But as the settlement of this fundamental political issue cannot be hoped for at the moment, the Foreign Minister intends to cultivate closer relations in economic and cultural fields to start with.

In order to give a fresh impetus to cultural rapproachement, the Foreign Minister proposes to exchange scholars more frequently and to put greater energy into education of Chinese students and military and naval officers.

In the direction of promoting economic rapprochement, Mr. Hirota is credited with the following plans:—

1.—Adjustment of old debts. Since last year, old debts amounting to some Yen 100,000,000 have been adjusted by negotiation between private interests. Encouraged by this fairly good result, the Foreign Minister intends to offer his services for the acceleration of the adjustment of other outstanding debts amounting from Yen 600,000,000 to Yen 700,000,000.

2.—Promotion of trade between Manchukuo and China. Trade between Manchukuo and China at present is entirely through sea ports, overland trade being practically prohibited. The Foreign Minister hopes to induce China to conclude a trade agreement with Manchukuo to facilitate overland trade. If China refuses to enter into any direct agreement with Manchukuo, he intends to suggest as an alternative the conclusion of an agreement between the Nanking Government and the Kwantung Garrison as a military arrangement associated with the Truce Agreement.

3.—Currency control. As the reform of currency is essential to China's economic revival, he intends to help China to achieve this reform. As for this purpose, it is necessary to make the Central Bank monopolise the note-issuing right, it is intended that Japan should consent to the creation of a credit for guaranteeing note issues. It is calculated that the credit should be for Yen 200,000,000 or thereabouts. If Britain, America and France are ready to agree to this arrangement, Japan should act jointly with them in the matter.

4.—Establishment of Sino-Japanese Trade Councils. For the furtherance of Sino-Japanese rapprochement, it is intended that such councils should be established at Osaka and at Shanghai to bring the business men of both countries into closer touch.

These reports now appearing all of the leading Japanese newspapers indicate that the Japanese government is now preparing to press its complete program upon the National Government, which, if acceded to by the Chinese authorities would convert the entire country into a Japanese dependency not greatly differing from the present status of Manchukuo, excepting that certain Chinese officials would be permitted to function under Japanese orders. Aside from the military phases of Japanese control, special interest is attached to the economic angle which would compel China to scrap her industrial establishment and stick to agricultural pursuits, the Japanese object being to use China as a supplier of raw materials and a consumer of Japanese manufactured products. How Japan will enforce this program is not yet apparent, but reports in the Japanese newspapers indicate that the propagation of the new policy will be accompanied by the offer of loans to the National government or provincial officials, combined with military pressure in the North and political intrigue in the South and elsewhere. In other words Japan is holding out the bait of financial assistance to Nanking, but at the same

time is using military pressure in the North and, in all probability, is at the same time offering Canton financial assistance against Nanking. Rumors now in circulation about new coalitions "against Gen. Chiang Kai-shek," with whom the Japanese warlords now profess to be dissatisfied, indicate direction of the political wind. The *Tokyo Jiji* said that Japan was prepared to grant the National government credits up to Yen 200,000,000, but in the event Nanking might reject the program that accompanied the loan offer, there apparently would be nothing to prevent Japan from switching the offer to Canton or some new coalition in the North.

Collapse of Raven Interests---Cause, Probable Effect and Possibility of Recovery

IN 1932 there were 1,456 bank failures in the United States; in 1933 there were more than 3,000. In the light of this record of financial delinquincy in the home land the failure of the American-Oriental banking corporation in Shanghai might be regarded as merely another bank closure with the usual aftermath of liquidation proceedings, court actions and final reimbursements to depositors, the amounts received usually being considerably less than the initial deposits. As a result of the almost complete loss of confidence on the part of the American people in their banking system, as a result of the economic depression, President Roosevelt as his first official action upon assuming office, declared a national bank holiday from March 6 to 9, 1933. When the special session of Congress met on March 9 a law was passed giving the President complete control of all banks with authority to allow only those to reopen which were found to have sound systems. Since that time there has been an almost complete reorganization of the banking system within the United States and in the event Congress enacts into law further pending legislation all banking in America will be governmentally controlled. Among the reforms already enacted are governmental guarantee of bank deposits and another law which may or may not be of service in connection with the Raven bankruptcy. Under this law, passed on Oct. 15, 1933, a deposit liquidation board was created as a division of the Reconstruction Finance Corporation, the purpose of which was to make loans from the federal treasury on "frozen" collateral of closed state banks thus enabling them to liquidate and pay their depositors.

Whether it would be possible to take advantage of the U. S. bank liquidation regulations in the case of the American-Oriental banking corporation is not known; obviously is would be worth trying, because the circumstances surrounding the Raven failure make it highly necessary that every possible avenue of relief be explored. Aside from the possibility of obtaining relief from home, probably a most meager one, the chief object in calling attention to recent financial developments in the United States is to show that while Shanghai has been affected by the same maladies which produced the depression in the United States, the protective devices set up in the United States have been entirely absent here. While there are five American banks operating in Shanghai, only two, the National City Bank of New York and the Chase Bank are subject to home banking regulations due to the location of their head offices in New York. When the banking crisis became serious in America, President Roosevelt acted quickly and drastically and in a comparatively brief period was able to restore confidence. Now, after the lapse of only about two years the banking system has been entirely reorganized and should, in time, become the soundest in the world. In Shanghai where banks are operated under long-distance exterritorial regulations the situation is extremely unsatisfactory because federal and state inspection are entirely lacking and depositors are not protected by federal insurance as is the case in the homeland. A further element of safety, recently adopted in the United States but entirely absent here, was a law which prevents banks from engaging in speculative enterprises outside their normal sphere of strictly banking operations.

The American-Oriental Banking Corporation, which closed its doors on Friday, May 24, carried down with it three other local American concerns, Asia Realty Company, American-Oriental Finance Corporation and the Raven Trust Company, the total capitalization of all the companies probably exceeding $20,000,000 in Chinese currency. The American-Oriental bank had deposits of approximately $8,000,000 and a capitalization of $4,700,000. The bank was incorporated in the State of Connecticut while the other organs were incorporated under the regulations of the China Trade Act which permitted them to use the phrase, "Fed. Inc." after their corporate names. Two further concerns, included in the Raven "group" were the Chocolate Shop, a catering store and the Bakerite company, a bread and pastry manufacturing business which was financed through the American-Oriental finance corporation. All of the concerns were controlled through the Raven Trust Company, a holding organ largely owned by Frank J. Raven. It was claimed that the combined assets of the four institutions amounted to between $60,000,000 and $70,000,000 silver.

According to the latest advertisement of the American-Oriental banking corporation (*Finance and Commerce*, May 22) directors were F. J. Raven, president and chairman of the board; J. Kleffel, vice-chairman and general manager; U. S. Harkson, Milton D. Purdy, H. Sandor, M. P. Walker and A. H. Driscoll, secretary. The bank maintained a branch at Tientsin, which was managed by D. P. Gill.

The directors of the Raven Trust company, according to the local *Hong List*, were F. J. Raven, president; J. Kleffel, J. F. Price, C. H. Raven, H. Sandor, A. H. Driscoll, vice-president and treasurer, and Miss O. Hibbard, secretary. The listing in the directory

stated that the Raven Trust company served as "administrators, trustees, guardians, custodians and financial agents.

The American-Oriental Finance corporation listed the directors and officers as follows: F. J. Raven, president; J. Warner Brown, vice-president; H. Sandor, vice-president and director; C. M. Bain, director; E. Kann, director; A. H. Driscoll, secretary and G. M. Rose, treasurer. The A.O.F.C. maintained branches in Hongkong, Manila and Canton with agents at Hankow and Tientsin. Its foreign correspondents in New York were F. A. Pierce and Company and Harris and Vose; in London, Mocatta and Goldsmid, Walter Sanderson and Company, Reynolds and Gibson and Symington and Wilson.

The officers and directors of the Asia Realty Company included: F. J. Raven, president and chairman; C. M. Bain; C. H. French, Singloh Hsu, C. H. Raven, H. Sandor, E. Sigaut, C. V. Starr and M. P. Walker; H. Sandor, vice-president and general manager, and T. F. McCrea, secretary-treasurer.

Mr. Raven, who was the president and and chief owner of these various enterprises, was born on June 27, 1875 and is a native of California. He received his education at the San Jose high school and University of California, coming to China in 1904. After serving for a time in the public works department of the municipal council of the International Settlement, he resigned in order to engage in real estate and promotional activites. The American-Oriental banking corporation was organized in 1916, the original incoporators being Mr. Raven and the late W.S. Fleming, an American attorney. How it was originally incorporated is not known, but early in 1917 Mr. Raven attempted to register its corporate articles in the local U.S. Court in the laws of the Territory or Alaska. Charles S. Lobingier, then presiding judge of the American court, refused the petition and in the resulting mandamus proceedings published in full in the initial issue of *The China Weekly Review* on June 9, 1917, the following paragraph appeared:

"Since the recording of the articles perfects the corporate existence which can then be questioned only in a direct proceeding, it seems to be not only the right but the duty of the officer to see that such existence does not commence until the conditions prescribed by the law have been fulfilled. In providing for incorporation thru the machinery of the Court, and imposing the responsibility upon its officers, the act which we are now applying seems to have been intended to prevent the evils of loose and reckless incorporation by making possible in advance a careful scrutiny and strict exaction of all prescribed conditions. This offers opportunities of supervision which would be lost if the recording officer were treated as mere automaton, obliged to accept any corporate papers which might be presented. Having reached a conclusion which disposes of the case before us we find it unnecessary to prolong this opinion by entering upon a consideration of the other question discussed in argument, viz., whether, under the law which we have found to be in force here, banking corporations may be organized. Since a determination of that question is not necessary in order to decide the pending cause whether we might say thereon would be *obiter dicta* and we prefer to discuss it only when the necessity for adjudication arises. For the reason that the proposed articles of incorporation do not, in our judgment, comply with the statute, the writ of *mandamus* is denied."

The above is a reproduction of a pic ure of Frank J. Raven, head of the so-called "Raven Enterprises," which appeared originally in a book published in Shanghai in 1924 which was entitled, "Leaders of Commerce, Industry and Thought in China."

As a result of the Court's rejection of the application for incorporation under the laws of Alaska, Mr. Raven and his associates then proceeded to incorporate under the laws of the State of Connecticut, which makes the capital of that state, Hartford, the technical head office of the bank. The laws of Connecticut are said to be peculiar in that they allegedly permit incorporation of certain types of banking institutions for operation outside the borders of the state, but which could not legally be operated within the state. Later on when the China Trade Act, a law providing federal incorporation for companies operating under U. S. extraterritorial jurisdiction in China, was passed by Congress in 1922, it was specifically provided that banks could not take advantage of the Act's regulations, due to the lack of facilities for federal

inspection of such banks located outside the borders of the United States. The China Trade Act, under which many local American companies, including some of the Raven enterprises, are incorporated is administered through an American trade act recorder whose office is connected with that of the U. S. Commercial Attache in China.

If one could examine all of the causes involved in the collapse of thousands of banking institutions in the United States since the beginning of the depression in 1929, it probably would be found that the primary ones also were involved in the failure of the Raven bank and allied interests in Shanghai. A fundamental cause was the collapse of the real estate boom, which, to use the words of a Chinese contributor to the *Shanghai Evening Post*, "brought to Shanghai a false sense of prosperity which has now turned out to be its greatest curse." Continuing, the Chinese writer, Kwei Chung-shu, declared,

> "The high rents which were required to pay interest on investments made with borrowed money could not but have reduced the demand for better houses or apartments and sapped a large percentage of the earnings of an average Shanghai resident. Consequently his savings, if any, are less than what they might have been, and he is also less able to tide over the period of depression and to continue to pay high rentals as before. Houses become vacant, properties less valuable, and assets frozen. The boom is over; the crisis is on."

The failure of the Raven interests might be compared to the breaking of a chain at its weakest link. The trouble started with the Asia Realty Company, which, according to reports in the Chinese newspapers is indebted to the bank for about $4,000,000. Several reports pertaining to the complications of the Asia Realty company have appeared in *The Review* in recent months, the most important being an editorial reference on July 8, 1933 to a controversy between the management of the real estate concern and a local publication known as *The Spectator* which published an alleged expose of the corporation's balance sheet. The management of the company disputed and attempted to suppress the statements published in *The Spectator*, but the directors were compelled to admit a loss in the annual report for that year, a summary of which appeared in *The Review* on Feb. 24, 1934. In addition to the complications of the Asia Realty company, allegedly the largest creditor, the American-Oriental bank suffered further serious losses due to the failure of a large rug manufacturing concern at Tientsin to which it had granted extensive credits. These losses, combined with other troubles incidental to the present currency crisis and collapse of real estate prices caused depositors to lose confidence and withdraw their funds, finally resulting in the bankruptsy of the entire structure. Whether there will be an official investigation of the management of the various enterprises similar to those which have followed similar catastrophes in the United States is not yet known and probably will be dependent upon the outcome of the investigation accompanying the liquidation proceedings of the bank and the application for a trustee for the realty concern. The fact that so large a percentage of the creditors of the bank and other concerns are of non-American nationality makes the situation much more critical than would be the case if Americans only were concerned.

Much has been made of the element of loss of prestige on the part of the local American financial and commercial set-up in China, but in the writer's opinion the element of prestige is a minor one compared with the matter of reimbursing thousands of depositors and investors of various nationalities who are scattered throughout the Far East. Of far greater importance than loss of prestige is the fact that thousands of individuals and institutions, including the American school and numerous missionary organzations and elemosenary institutions have all of their available funds locked up in these companies which have now suspended operation. For these reasons there is hope that those vested with authority will go to the bottom of the trouble for it is only in this manner that the public can protect itself against future occurrences of similar or worse nature.

Whether the collapse of the Raven structure will spread to other organizations is too early to determine. The local Japanese newspaper, *Shanghai Mainichi*, which has been attacking the local municipal administration and occidental interests for a considerable period, published a report on May 24, the day of the bank failure, stating that the uneasiness caused by the closing of the American-Oriental bank and affiliated institutions might precipitate runs on other Shanghai banks, both foreign and Chinese. But aside from a mild run on the Underwriters Savings bank, the proprietor of which is C. V. Starr, former partner in the Raven enterprises, there has been little evidence of panic. Mr. Starr issued a statement on Sunday, May 26 declaring that his bank was in a sound condition and was prepared to meet its obligations. He also stated that losses which his Asia Life Insurance company had suffered as a result of the Raven failure, had been written off and would have no adverse effect.

Of more far reaching consequences will be the effect of the Raven collapse upon Chinese psychology with respect to foreign enterprises generally. A report in the *Evening Post* on May 25 said that the National Ministry of Finance had sent officials to Shanghai to inquire into the factors underlying the application of the Raven companies for liquidation under the supervision of the U. S. Court for China. The *China Times* in its edition of Saturday afternoon, May 25 demanded that the Chinese authorities immediately take action to safeguard the savings of the Chinese people which have been invested in foreign enterprises, and at the same time the Chinese authorities were urged to demand that the management of the bank "refund all deposits to Chinese patrons and in future to exercise closer supervision over all foreign banks operating in China." In conclusion the paper declared, "The Chinese people should awaken from the illusion of the superior reliability of foreign banks and in future have more confidence in the banking leaders of China." The *China Evening News*, another influential

Chinese paper, said that the failure of the American-Oriental bank was due to its investments in the real estate business, the closing of the bank being the natural resultof this policy." Next,the paper declared that foreign banks are no more reliable than Chinese banks and called attention to the fact that the simultaneous closing of a Chinese bank called the Ming-Hwa bank, showed that both had to face the same type of crises. "Therefore, where is the difference between Chinese and foreign banks? The superstition of the Chinese in the reliability of foreigners should now be completely shattered." In conclusion the paper advised caution in the selection of banks on the part of those seeking to save their money and suggested that high rates of interest offered by certain banks to attract customers, was of no value in case of bankruptsy of the banks. The examples of the American-Oriental and Ming-Hwa banks should serve as a warning."

The apparently general tendency on the part of the Chinese press as well as Chinese leaders generally to place the blame for the Raven bank failure on the alleged instability of foreign institutions is a matter of considerable significance, particularly in view of present tendencies in the Far East. This is the place where the element of "prestige" comes in; hence it is likely that this element will be emphasized in appeals for relief which in all probability will be sent to Washington through official channels.

It is a matter of vital interest for everyone concerned in the welfare of Shanghai and its future stability and prosperity to do everything possible to prevent a spread of the present crisis. This is a matter which concerns everybody, whether affected by the failure of the Raven interests or not. The best way to prevent a spread of the crisis and re-establish confidence, is to see that the liquidation of the Raven interests is handled promptly and efficiently and equitably from the standpoint of all parties concerned. It is only in this manner that confidence can be restored in the city's financial and economic structure. For this reason steps should be taken immediately to form responsible committees of depositors and creditors of the firms which have closed their doors. These committees, if represented by competent attorneys, can then take steps to protect the interests of depositors and owners of shares or bonds, such as has been the common practice in the United States.

WHEN "FORTUNE" DESCRIBED THE SHANGHAI BOOM

THE magazine *Fortune*, most luxurious of American periodicals devoted most of the space in its January number to a description of what was designated as the "Shanghai Boom." In addition to a tabloid history of the city's past growth and present commercial and financial importance, replete with illustrations of Sir Victor Sassoon and sundry sing-song girl posters and other things, the article concluded with a sort of "Who's Who of Shanghai Men of Affairs." A prominent feature of this section was a description of Frank Jay Raven to the following effect:

"Mr. Raven came to Shanghai in 1904, when the foreign settlement was predominantly British. He got a job as engineer from the Shanghai Municipal Council, but was soon lured from his profession by the irresistible economic logic of Shanghai real estate. Starting with assets of $4,000 (Mex.), he had made enough by 1914 to found the Raven Trust Company, on which he proceeded to super-impose what Shanghai calls 'the Raven interests'—chiefly the American-Oriental Finance Corporation, the American-Oriental Banking Corporation, and the Asia Realty Company,—a total of some $70,000,000 in assets.... Usually elected as one of the two American members of the Shanghai Municipal Council, Mr. Raven is a pillar of the American community. Having married Elsie Sites, daughter of a missionary and a fervent dry, no liquor is served at his estate on Hungjao Road. Though extensive, his entertaining is austere; and he is one of the few Shanghailanders whom the Reverend Emory W. Luccock sees regularly in a front pew of the American Community Church on Sunday mornings. Mr. Raven's principal diversion is tennis, which he plays on his own estate or at the Columbia Country Club or at the French Club. A fervid Rotarian, he too is a bull on Shanghai; but though president of the Board of the American School, his three daughters are being educated at Heidelberg."

According to the writer of the article in *Fortune* the most noticeable American enterprises in China are, (1) The missionary, and especially several of China's best universities and hospitals; (2) the Standard Oil Company; (3) Pan-American Airways; (4) Shanghai Power Company; (5) Shanghai Telephone Company; (6) National City Bank; (7) Messrs. Starr and Raven; (8) Henry Ford, who is a legend, not a fact. The concluding paragraph was to the following effect, "It appears that the Yankee has come to the Yangtsze for good. But strangely enough, even though the American trade is the biggest, the American position is not the strongest. The casual visitor mentally notes that the Yankee puts on a bad show in the Orient. What with the sturdy British tradition, what with the aggressive Japanese, what with an obscure foreign policy, the U. S. does not seem able to perform as a big international power. Her prestige has not been helped by the recent manipulation of silver prices by Congress. Yet the new government at Nanking has for its heroes the fathers of the American Revolution. Hundreds of influential Chinese have been educated in America and welcome our trade, our capital, and, at least until recently, our institutions."

Kwangtung Provincial Cotton Mill Starts Operation

The Kwangtung Cotton Mill, established by the Kwangtung Provincial Government, will start operations end of this month or sometime in July. F. W. Wong, manager and chief engineer of the mill, has just arrived in Shanghai to make arrangements for purchasing the necessary raw materials. Mr. Wong, who is a textile expert, is a graduate of the new Bedford (Mass.) Textile School and was formerly chief engineer of Wha Fong Cotton Mill in Shanghai and of a woollen mill in Tientsin.

The newly-established Kwangtung cotton mill is equipped with 20,000 spindles and was established at a cost of about $4,000,000. The entire capital was supplied by the Kwangtung Provincial Government. The machinery and equipment are supplied by Messrs. Platt Brothers, England. The yarn manufactured will be of medium counts, to supply the demand of weaving and knitting factories in Kwangtung. With a view to encouraging the textile industry in south China, the Kwangtung Provincial Government has established, among other textile mills, the cotton spinning mill in Honam, a suburb of Canton City.

American Oriental Banking Corporation and Allied Financial Institutions Close Doors

THE American Oriental Banking Corporation, started in 1917, by F. J. Raven, who had previous to that time confined his activities to real estate, under the incorporation laws of the state of Connecticut, failed to open for business on the morning of May 24, brief notices in the English, Russian and Chinese languages being posted on the doors to that effect.

The notice in English read:—"The American Oriental Banking Corporation has been closed by order of the Board of Directors pending an application to the U.S. Court for China for the appointment of a liquidator. (signed) Secretary."

An official statement issued by the A.O.B.C. during the day read:—"Owing to the increasing business depression and the present local financial situation that is making it practically impossible to maintain sufficient cash balances to meet current obligations, the Directors and Officers of the American Oriental Banking Corporation have decided that it would be in the best interest of the depositors to liquidate the bank at this time when it is believed that all depositors in an orderly liquidation will receive 100 per cent of their deposits."

F. J. Raven, President of the A.O.B.C. in an interview, said:—"After a conference of the Directors of the Bank, which was supplemented by other financial expert advice, we came to the conclusion that, with business conditions as they are, we had no other recourse, bearing the interests of our depositors in mind, excepting to suspend business. The bank is now in a position to pay 100 cents on the dollar, providing business conditions continue during liquidation as they are now. Our assets will easily provide for this payment. We could have continued business, but, with a depressed market and uncertain financial futures, we agreed that our first duty was the restitution of money owing to our thousands of depositors."

F. J. Raven Explains the Situation

Mr. Raven, by a chart, explained the indications of steadily-decreasing possibilities of continuing the bank's operations. The graph was based on conditions since January 1. Were basic conditions to decline further, no one knew what would happen, he said, and continued:—"We feel that, if we close our doors now we can repay our depositors 100 per cent. If the depression continues for several years, we might be able to pay only 30 per cent. For that reason we took this drastic measure. Shareholders will come after depositors have been paid. They have never been paid less than 8 per cent dividend on the market value of their shares, and, at times, have received as much as 25 per cent on par value."

Much of the bank's apparent weakness, in Mr. Raven's opinion, was due to the huge silver purchases by the American Government under the Silver Purchase Act. A resultant factor resolved itself into arithmetic—depositors' money had been invested in first-class securities, and at the moment there was no market for them. Credit was virtually non-existent. Had business continued through the opening months of this year on the same plane as during 1934 there would have been no necessity to close the bank, Mr. Raven added.

The A.O.B.C. made a profit of almost six hundred thousand dollars last year. It has approximately $8,000,000 in deposits and a capital of U.S. $550,000 and Sh. $1,250,000.

The following is the condensed statement of the bank as of December 31, 1934:—

RESOURCES

	S'hai $
Loans and Discounts	8,986,430.56
Stocks and Bonds	37,767.90
Furniture and Fixtures	130,169.21
Customers' Liability under L/C	1,224,437.05
Customers' Acceptanees	1,112,887.99
Accrued Interest and Accunts Receivable	121,905.09
Bills Received for Collection	639,787.84
Other Assets	4,628.54
Bills Purchased Sight and under L/C	2,320,219.14
Cash on hand and in Banks	2,117,032.40
Cash Reserve Against Circulation	32,805.00
	S'hai $16,728,070.72

LIABILITIES

Capital (Paid Up)	
Preferred "A" .....U.S.$250,000	724,637.68
Common "A" .....U.S.$300,000	869,565.22

....from
blueprint
to COMPLETED STRUCTURE
A man who wishes to erect a building is frequently somewhat at a loss as to in... rule to be used... the style he wishes to have and the equipment his structure demands. He is then in need of professional advice
Every fact connected with the putting up of a building from blue print to completed structure can be found before you by our staff be it for dwelling house office building power plant or factory
We are qualified to handle every detail of the job develop plans in accordance with present and future requirements, design the structure purchase the materials erect the building and equip it in modern and satisfactory style
Any advice you need when thinking of a structure no matter how detailed or intricate your requirements may be the Asia Realty Company can supply and the places you under no obligation to do business with the company unless you so desire
ASIA REALTY COMPANY
FED INC. U.S.A
50 NANKING ROAD - TELEPHONE 18770

Impossibilities recede—
as experience advances
The more experience you gain, the easier becomes your task, especially so on the money market. Issues which perplex you when uninitiated, become less difficult of solution when experience is utilized as a factor.
This is your opportunity to profit by the scientific experience gathered by this company in its financial transactions, which may be of tremendous value to you.
Let the American Oriental Finance Corporation advise you on your investment problems
American Oriental Finance Corporation
29 NANKING ROAD TELEPHONE 11300

The
DEVELOPMENT
of Trusteeship from 1830 to 1900
After the first three decades of the 19th century corporate trusteeship showed an interesting trend away from its mother, the Life Insurance Company, towards the fields of banking and finance After the Civil War and the reconstruction period, men had discovered that the conserving of fortunes was even more difficult than the making of them and by 1960 the idea of corporate trusteeship was well established in all its various services
The Raven Trust Company is the pioneer specialist in this field in China It is fully equipped to engage in all corporate and individual fiduciary activities.
RAVEN TRUST COMPANY
FEDERAL INC. U.S.A
29 NANKING ROAD - TELEPHONE 11300

SUPERVISION . . . . .
It is exceedingly onerous to exercise supervision over all the ramifications of a large business.
Yet, such surveillance is necessary in all its detail, especially financial, to ensure success
You can, by allowing this bank to act for you, be certain that your financial record and transactions are under thorough and detailed supervision
AMERICAN-ORIENTAL BANKING CORPORATION
The Bank of Personal Service
29 NANKING ROAD TELEPHONE 11300

The advertisements reproduced herewith, typical examples of the extensive publicity of the Raven enterprises, were published together in the position shown as a page advertisement in the *Far Eastern Review* (遠東時報) in the issue of January, 1932, an engineering journal owned by George Bronson Rea.

Common "B"	Sh.$1,250,000	1,250,000.00
Surplus Account	U.S.$300,000	869,565.22
Surplus Account		1,250.000.00
Undivided Profits		407,268.36
Reserve for Tax, Dividends, etc.		150,339.74
Deposits		8,375,884.76
Circulation		32,805.00
Banks Liability under L/C		1,224,437.05
Drafts in Transit		800,284.56
Accrued Interest and Accounts Payable		125,309.05
Bills Received for Collection (Contra)		639,787.84
Other Liabilities		8,186.24
	S'hai	$16,728,070.72

"The Bank of Personal Service"

The A. O. B. C. had long advertised as the "bank of personal service," and was patronized by nearly every American missionary in China, by officers and men in the American war and navy services, and scores of American organizations including the U. S. Marines Service Men's Club, the Marines Officers' Club, the American Women's Club, etc. A large part of the funds transmitted from the United States for the construction of the new hospital in the Western District by St. Luke's Hospital were deposited with the A. O. B. C. Outstanding were the accounts of thousands of Russian refugees. Russian-speaking clerks were engaged by the bank specially to cater to the Russian clientele. The accounts of these Russians were generally for small amounts, many of whom were not able to raise as much as the $250 minimum which was requited to avoid paying a dollar a month carrying charge. In the aggregate, however, the Russian accounts of the bank probably totalled several million dollars. The Russian depositors have already formed an organization to protect their interests and have sent a telegram to Judge Helmick in North China asking for a Russian to sit on the liquidation board. The news of the closing of the bank spread rapidly through the town and large crowds gathered in front of the closed doors, but there was at no time even a semblance of disorder, mostly due, probably, to the promise made by the directors that depositors could expect eventually to receive payments of their accounts in full. Already now, however, statements made by persons connected with the bank cast doubts on any such promise. The closing of the bank, as is natural, has caused repetcussions in many directions. A typical instance of how the suspension of the bank has upset smaller business establishments was to be noted in the affairs of a prominent American restuarant man who was just preparing to move from one location to another. He had deposited an extra sum on the eve of the suspension in his A. O. B. C. account to cover the check for his last month's rent with the old landlord, and because the check cannot be met he finds himself under the restraint of an attachment order which prevents him from moving his equipment. Travellers to America who had bought their steamship tickets and had left the drawing of their balances until the day of sailing suddenly found themselves without funds to take their trip as scheduled. Thousands of Russians, many of them women battling bravely under most adverse circumstances, now find themselves without even the hundred dollars, or in many cases less, that they had saved for the future. A large group of depositors, including many Chinese and Russians, instructed N. F. Allman, American attorney, to proceed to Peiping to make representations to Judge Helmick.

Closely allied with the American Oriental Bank are the American Oriental Finance Corporation, (Fed. Inc. U.S.A.), the Raven Trust Company (Fed. Inc. U.S.A.) and the Asia Realty Co. (Fed. Inc. U.S.A.),—of all of which F. J. Raven is the head. The claimed assets of the four concerns are between $60,000,000 and $70,000,000 Shanghai currency.

The American Oriental Finance Corporation and the Raven Trust Co. ceased operations at the same time as the Bank. The offices of the Asia Realty Co. are continuing business. Concerning the Asia Realty Company, Mr. Raven stated that it would be reorganized under Federal Statute, and with its capitalization of $20,000,000. He hoped to be associated in an executive capacity under the trustee who would be appointed by the U.S. Court for China. Primarily a real estate man, he expressed confidence in the Asia Realty Company when reorganized, but declared himself as having no intention of re-entering the banking business. Mr. Raven stated emphatically that the bank had no interest in the American-Oriental Finance Corporation, the Raven Trust Company, or the Asia Realty Company. Further, the bank has not invested in real estate ventures, Mr. Raven said.

The American Oriental Bank had a branch in Tientsin, which was closed simultaneously with the head office in Shanghai. The American Oriental Finance Corporation had a branch in Manila, where application was made to the Courts May 27 for the appointment of a receiver.

The secretary of the Asia Realty Company issued the following statement:—

"The Asia Realty Company has applied to the U.S. Court for China for the appointment under Section 77 B of a Trustee with discretionary powers who will supervise the operations of the Asia Realty Company in conserving its assets for the benefit of its security holders, fearing the possible sympathetic reaction on account of the voluntary liquidations of the American Oriental Banking Corporation, the American Oriental Finance Corporation, and the Raven Trust Company. This procedure will allow an orderly retiring of obligations without sacrificing the equities securing debenture holders, other creditors, and the general shareholders. It is expected that, upon the trustee's complete disposal of loan certificates as a liability, the powers of the trustee will no longer be required for the continued normal operation of the Company."

Attorney Flies to Peiping to File Petition

C. S. Franklin, attorney for the F. J. Raven interests, proceeded by airplane May 25 to Peiping, and presented petitions for the liquidation of the American-Oriental Banking Corp., American-Oriental Finance Corp., and the Raven Trust Co., and for the appointment of liquidators, to Judge Milton J. Helmick of the U. S. Court for China, who was holding court in the former capital. Application was also made by A. H. Driscoll for a trustee to be appointed to reorganize the Asia Realty Company. Judge Helmick showed no disposition to be hurried in coming to a decision on the matter of liquidation of the Bank and the appointment of a trustee for the Asia Realty, but an application submitted by Mr. Franklin, requesting that the premises of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company be sealed by the U. S. marshal, was immediately approved.

Judge Helmick telegraphed the order to seal the premises to Shanghai. Marshal Faupel affixed the seals on the premises of the three companies May 28, at the same time ordering all of the personnel away. Municipal police are guarding the premises.

Judge Helmick stated in Peiping May 29 that the liquidator whom he would appoint would be instructed to do a "hard boiled job."

In addition to the directors and officers, the three institutions which have closed their doors, had a total staff of 33 foreign employes, most of whom have been suddenly thrown out of employment. The Asia Realty has been working with a staff of 16 foreigners in addition to the officers and directors.

Underwriters Savings Bank Affected

The closing of the doors of the A.O.B.C. caused a minor run the same morning on the Underwriters Saving Bank on the Bund, of which C. V. Starr, prominent local insurance man, is the president. N. Yakoonnikoff, vice-president of the Underwriters, in an interview late in the afternoon said that not more than $25,000 had been withdrawn and that they had plenty of silver in their vaults.

C. V. Starr in a statement said, "The Underwriters Savings Bank has been endorsed as a savings institution by the larger banks, and the National City Bank of New York in particular has for a long time been especially well acquainted with its work and exact position. As a result, assistance was promptly offered by these banks, but, while such offers naturally are greatly appreciated, it is even more satisfactory not to need the assistance."

Mr. Starr expressed himself as follows regarding the Asia Life Insurance Co., of which he is vice president and of which F. J. Raven is a member of the board of directors:

"As regards the Asia Life Insurance Company, there was once a rather close relationship between it and the Raven group but for many years the only contact has been that a small percentage of Asia Life investments is in securities of this group. All these investments and credit balances in the Raven Trust Company have been completely written off, although they may not be a total loss. The action was part of a general writing-down policy including these investments, to assist which the last annual meeting of the Asia Life decided to omit final stockholders' dividends for the year.

Extent of Liability of Bank Directors Is Discussed

Dr. H. H. Kung in an interview May 26 stated that the failure of the American Oriental is not expected to have any repercussion on the local financial market. Dr. Kung was of the opinion that the failure was brought about partly by the rise in silver prices in consequence of the American silver-purchase policy, and partly due to the bank's own business policy. The bank's note issue, he said, is a negligible factor, and its failure is not expected to cause any disturbance in local financial circles. In the meantime there is much discussion as to the extent of liability of the officers and directors of the A.O.B.C. In America generally they are liable for double their interest in the bank.

Nelson Johnson, American Minister to China, called on Hsu Mou, Vice-Minister of Foreign Affairs, in Nanking May 17. During the conversation, the American Minister discussed the liquidation of the American Oriental Bank with the Chinese official.

Teng Sing Native Bank Closes Doors

The Teng Sing Native Bank, 35 years in existence with offices off Honan road, Shanghai, closed its doors May 29, following a wave of withdrawals. Assets total about $1,600,000, of which some 60 per cent has been invested in realty mortgages and the balance in credit loans to industrial and business establishments.

Japanese Force Extension of Tangku Truce; General Chiang Assumes Charge of Situation in Chengtu

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Kwantung Army Issues Warning Against Violation of Tangku Truce.**
2. **Japanese Claim Chinese Volunteers Under Sun Yung-chin Wiped Out.**
3. **Japanese Report Two Hopei Officials Will Be Dismissed.**
4. **Shanghai Chinese Said Supporting Manchurian Volunteers.**
5. **Japan Will Aid China Only if Terms are Good, Says Ariyoshi.**
6. **Many Resolutions Passed by Mongolian Council Meeting.**
7. **$400,000 for Expenses of Panchen Lama to Return to Tibet.**
8. **Sinkiang Conference Pledges Loyalty to Nanking Government.**
9. **Gen. Chiang Kai-shek Arrives in Chengtu to Supervise Anti-Red Operations.**
10. **Japanese Rumor Says Five Provinces Combining Against Gen. Chiang.**

A stern warning that the Kwantung Army will not tolerate any violations of the Tangku Truce Agreement was issued on May 26 by Lieut.-Gen. Bunzaburo Kawagishi, commander of the punitive expedition which has just suppressed the forces led by Sun Yung-chin. In a lengthy declaration, marking the conclusion of the military operations which began on May 23. Lieut.-Gen. Kawagishi pointed out that the entry and concentration of troops in the demilitarized zone formed a violation of the Tangku Treaty. As such violations at the same time menaced the peace of Manchukuo, the army would not tolerate the recurrence of episodes similar to Sun's incursion into the zone, the declaration added. Lieut.-Gen. Kawagishi also warned Chinese officials against assuming an "ambigious attitude" towards "bandits" entering the demilitarized area in violation of the Tangku agreement.

CHINESE VOLUNTEERS UNDER SUN YUNG-CHIN SAID WIPED OUT

In a communique issued on May 25, the Kwantung Army claimed that Sun and 300 members of his "volunteer forces" were killed in an engagement with Japanese troops near Maoshankou, Japanese losses including one officer, one-non-commissioned officer, and four privates killed, and three men wounded.

At the same time the office of the Japanese Assistant Military Attache announced that Lieut.-Gen. Kawagishi's forces would continue "mapping up" operations until all outlaws are annihilated. This decision was reached, the spokesman added, after the Japanese command secured testimony indicaing that Gen. Yu Hsueh-chung, Chairman of the Hopei Provincial Government, had issued secret orders to local magistrates and commanders of Peace Preservation Corps in the zone to aid the "volunteers."

Ying Ju-kang, Administrative Inspector of the Chihsien-Miyun Area, declared on May 27 that the irregular units under Sun Yung-chin had been completely routed by the Japanese troops and the Hopei Special Military Police and that the main body of the Japanese forces had withdrawn from the Demilitarized Zone to their original positions at Kupeikow, Hsifengkow and Malanyu, the city of Tsunhua being evacuated on May 26. Mr. Ying said that as a result of the fighting between Sun's units and the Japanese troops, heavy damages had been wrought in Tsunhua and that an official would presently be dispatched there to make an investigation.

EARLIER REPORTS OF FIGHTING BETWEEN VOLUNREERS AND JAPANESE

The Kwantung Army detachments under the personal command of Lieut.-Gen. Bunzaburo Kawagishi crossed the Great Wall from Manchukuo into the Luantung Demilitarized Zone on May 23. The number of these Japanese effectives was estimated to be about 1,000. The Japanese troops and the Chinese "volunteers" first clashed in the afternoon of May 21 at a point 8 kilometers southeast of Tunhwa, according to a *Rengo* report on May 22.

KWANTUNG ARMY ALLEGES HOPEI PEACE CORPS AIDING VOLUNTEERS

The Japanese Kwantung Army announced on May 24 that it reserved the right to take "any measures" it deems "appropriate," should it find that Chinese authorities in the Demilitarized Zone were supplying "voluneers" under Sun Yung-chin with arms or aiding them in any way. This notice, *Rengo* reported, was served on Gen. Yu Hsueh-chung by Col. Seiya Giga, chief of the Shanhaikwan detail of the Special Service Division of the Kwantung Army on May 23. Col. Giga informed Gen. Yu that should the Kwantung Army secure evidence proving that members of the Peace Preservation Corps in the Demilitarized Zone were in communication with the outlaws, the Army would "deal with the entire Corps as a unit and as it saw fit."

The *Shanghai Mainichi* reported that the followers of Sun Yung-chin are not ordinary bandits but "political bandits." The paper further reported that Sun has been appointed by Chinese authorities Commander-in-chief of the Self-Protection Army of Jehol Province and is being treated as a regular Chinese military officer. The Peiping office of the Northeastern Volunteers Headquarters has sent $10,000 to Sung recently and has distributed several thousand rifles to his "political bandits."

JAPANESE REPORT TWO HOPEI OFFICIALS WILL BE DISMISSED

In a sequel to the suppression of Sun Yung-chin's volunteers by the Kwantung Army detachments on May 24, Gen. Yu Hsueh-chung was reported by *Rengo* on May 27 to have discussed with the members of the Peiping Political and Military Councils on drastic Government reforms. The report said that the transfer of the Provincial Government seat from Tientsin to Paoting on July 1 and the dismissal of Chang Ting-gao, Mayor of Tientsin, and Wei Han, Chief Secretary of the Provincial Government, are among the measures being considered by the conferees.

JAPANESE ARMY PLANE FLIES OVER PEIPING

A Japanese military 'plane from Jehol flew over Peiping at 7.40 o'clock in the morninng of May 26, reconnoitering the Chinese barracks at the Yellow Temple and Peiyuan before leaving at 8.20.

The Japanese troops stationed in various parts in North China will be replaced by new units from Japan on June 10. A new contingent of Japanese troops composed of infantry, artillery and cavalry units has arrived at Chingwangtao and is being landed there. These units will take over the garrison posts of the present Japanese troops inn Tientsin, Peiping and at the various passes along the Great Wall.

CHINESE IN SHANGHAI SUPPORTING VOLUNTEERS IN MANCHURIA

The *Shanghai Mainichi* on May 21 reported that a Chinese who owns a dance-hall in North Szechuan Road and large number of land and buildings in Shanghai is supplying the anti-Japanese Volunteers in Manchuria with money. With the cooperation of other Chinese he has organized a secret organization for the maintenance of direct contact with the Volunteers in the Northeastern provinces. Such action on the part of Chinese people at the present time is undoubtedly detrimental to the peace of the Far East. The negligence of the Chinese authorities in taking action against these people is highly regrettable, said the paper.

According to a message from Harbin, a force of 100 Chinese volunteers made a surprise attack on a Japanese factory in Chiamushi on Korin-Heilungkiang border near Ilan in the evening of the 26th. As a result of the attack, eight Japanese workers in the factory had been killed and two others carried off by the volunteers into the mountains.

JAPAN WILL AID CHINA ONLY IF TERMS ARE GOOD, SAYS ARIYOSHI

Japan's financial aid to China depends solely upon the terms which the latter can offer to Japanese investors, according to Akira Ariyoshi, the new Japanese Ambassador to China, in an interview with *Rengo* May 26. Mr. Ariyoshi also intimated that the Tokyo Government has no available funds which it can loan to China, but that financial assistance would take the form of an economic rapprochement between the two countries.

Mr. Ariyoshi was received in audience by the Japanese Emperor on May 30. He will sail from Kobe on June 10 aboard the S.S. *Shanghai Maru*, arriving in Shanghai on June 12.

JAPANESE CONSULS-GENERAL TO MEET AGAIN IN SHANGHAI IN JULY

Japanese Consuls-General stationed in China will meet again in Shanghai in July to receive detailed instructions on Japan's policy towards China, according to a *Rengo* report May 26. The meetings will be presided over by Ambassador Akira Ariyoshi, who will be aided by Goro Morijima, Chief of the First Section of the East Asia Bureau of the Foreign Office. Following the conclusion of the meetings, Mr. Morijima will leave on a tour of inspection, which will include Canton, Nanking, Hankow, Peiping, Tsinan and Tsingtao.

HIROTA'S EMISSARY ACTIVE IN SOUTH CHINA

Tadao Matsumoto, personal emissary of Koki Hirota, Japanese Foreign Minister, who arrived in Canton from Japan on May 24 on the first leg of an inspection tour of China, left there on May 27 by air for Nanning, Kwangsi, where he will see Gen. Pai Chung-hsi. Mr. Matsumoto is expected to return to Canton on June 2, when he will call on Gen. Chen Chi-tang and Gen. Li Tsung-jen, leaders of the so-called "Southwestern Faction." Mr. Matsumoto will then leave for Shanghai, arriving there on June 7.

First shipments on a 200,000-bag order of cement placed by the Kwangsi provincial government with the Japan Cement Exporters' Guild will begin to be shipped early in June to be completed before the end of September.

Alarmed by reports from Shanghai stating that the formation of a semi-monopolistic company to control the sale of sugar in China was imminent, the Japanese Association of Sugar Manufacturers has decided to send a representative to China soon to investigate into the matter, according to a *Rengo* report from Tokyo May 25. This step was taken following reports that the Chinese Ministry of Finance has decided to prohibit free sugar trade in China.

A gift from General Ho Chien, chairman of Hunan, has been added to the store of treasures of the recently-rebuilt Yushima Confucian Sanctuary in Tokyo in the form of an old portrait of Confucius.

The dispute between the Japanese and the Chinese over the Liukiang coal mine is centered on the right of control of 1,236 *mou of* coal deposits located at Heishan in Luantung Area. Each party claims that this particular piece of land belongs to it and no solution is possible at present. Special representatives of the Ministry of Industry are making an investigation into the dispute.

JAPANESE CONTROL PURCHASE OF MONGOLIAN SALT

According to reports received in Peiping from east Chahar, the "Manchukuo" Ministry of Finance is in direct control of the purchase of Mongolian salt. At Dolonor official notices were given to the public regarding the regulations governing such purchases.

Two Japanese army officers and one Japanese civilian made a survey of the depth of the water of Haiho and Kingchungho, opposite the Hopei Provincial Government building, on May 24.

The Japanese and "Manchukuo" authorities are including a number of Chinese villages at Kuyuen, east Chahar as "Manchukuo" territory.

Tests of the new telephone lines linking "Manchoukuo" and China were carried out on May 1. The Chinese authorities have completed putting up their lines under the terms of a recently-concluded agreement.

As a result of the recent visit of the professors of the Meiji Univesity to China, a Sino-Japanese Cultural Center will be established in Shanghai, according to the *Shanghai Nichinichi*. The paper reported that a building will be erected in Shanghai between North Szechuan Road and the Shanghai Civic Center at a cost of $500,000.

For the purpose of improving the police administration of Fukien, the Fukien Provincial Government has dispatched Hsieh Pao-ming to Japan to conduct an investigation of police administration in the Island Empire.

HOPEI PROVINCIAL GOVERNMENT TO BE REMOVED TO PAOTING JULY 1

General Yu Hsueh-chung, Chairman of the Hopei Province, declared on May 25 that the Provincial Government would be removed from Tientsin to Paoting on July 1 and that the various Provincial Departments would function in one general office building after completion of the removal. General Yu further stated that the budget of the Provincial Government for the fiscal year of 1935-36 was now under preparation and would shortly be submitted to the Central Government for approval.

WAR MINISTER RETURNS TO PEIPING FROM SHANSI TRIP

General Ho Ying-chin, Minister of War and concurrently Chairman of the Peiping Branch of the Military Affairs Commission, returned to Peiping on May 23 from a trip to Taiyuan, capital of Shansi, where he inspected the Shansi units and conferred with Generals Yen Hsi-shan and Hsu Yong-chang on the bandit situation in northern Shensi.

CHAHAR PARTY OFFICIAL WARNED FOR INSULTITG PARTY LEADER

An official warning in severe terms was served on May 23 by the Central Supervisory Committee to General Hsiao Cheng-yin, member of the Chahar Provincial Party Headquarters and concurrently member of the Peiping Branch of the Military Affairs Commission, for insulting the late Party Leader, Dr. Sun Yat-sen. Details regarding the nature and occasion of the insult are, however, not made public.

NOERTAI TO BE SEAT OF MONGOLIAN GOVERNMENT

Noertai, 4 miles northwest of Pailingmiao, has been chosen as the site of the Inner Mongolian Self-government Political Council as the result of a decision reached at the 2nd plenary metting of the Council which was closed May 22. One of the resolutions adopted at the meeting it was learned, was the dispatch of a message to the Central Government pledging the whole-hearted support of the Mongolian people to the National Government.

According to Wu Ho-ling, member of the Mongolian Political Council, who just returned to Nanking from Pailingmiao, the following were some of the important resolutions adopted at the meeting of the Council:

(1) A local autonomy institute be established for the training of Mongolian public functionaries.

(2) Mongolian troops be thoroughly reorganized.

(3) Public health be promoted in Inner Mongolia and other sanitary measures be taken for the ttreatment of the sick, and for plague prevention.

(4) "New Life" standards sponsored by General Chiang Kai-shek be adopted and new model villages be established in Inner Mongolia.

(5) Cultural institutions be established to give better education to the Mongols.

(6) A normal school be established for the training of teachers in Mongolia.

(7) Productive trading and credit co-operatives be established for the development of natural resources and trade with the extension of credit loans to Mongolian traders.

(8) Construction of highways in Inner Mongolia.

(9) A special bureau be established for the installation of telephone, telegraph and postal facilities in the different leagues and banners.

$400,000 FOR EXPENSES OF PANCHEN LAMA TO PETURN TO TIBET

The expense account, amounting to $400,000 submitted by the Panchen Lama, for his return trip to Lhasa, has been approved by the National Government. The Nanking Gov-

ernment expects that the "Living Buddha" will leave for Lhasa at the end of June or early in July.

In cooperation with the Mongolian Leagues and other provincial governments, the Ministry of Industry is planning to organize a Mongolian-Tibetan Industrial Corporation for the development of trade and industry in the two districts.

In order to train a competent personnel for party and political work in the Northwest, the Standing Committee of the Central Executive Committee at its meeting on May 23 decided to establish a branch school of the Central Political Institute in Suchow, eastern Kansu.

SINKIANG CONFERENCE PLEDGES LOYALTY TO NANKING GOVERNMENT

A conference of representatives of every part of Sinkiang (Chinese Turkestan) opened at Urumtsi (Tihua), capital of the province, on April 10 on the occasion of the 2nd anniversary of the formation of the new provincial government there, according to a *Tass* message. The conference was attended by 360 delegates representing various nationalities, influential sections of the clergy and a number of princes. All the speakers noted the peace established by the new government and its success in repulsing all the imperialist attempts to sever the province from China and restoring the economic life of the province after the long civil war.

A comprehensive report on the political situation in the province and on the problems facing the Sinkiang government was delivered by General Sheng Shi-tsai, governor of the province. The principal object of his government has been to repulse the imperialist attacks and maintain China's sovereignty over the province, said General Sheng. This object has been fulfilled thanks to the correct national policy and to the consistent battle waged against all anti-Chinese elements.

The Sinkiang government, the *Tass* message said, has become convinced of the complete lack of any aggressive design on the part of the Soviet Union and has established friendly relations with it. The conference sent a telegram of greetings to the Nanking Government noting the achievements of the province and its loyalty to the Central Government and expressing the hope of further leadership and assistance from the Central Government.

GEN. CHIANG KAI-SHEK ARRIVES AT CHENGTU TO SUPERVISE ANTI-RED OPERATIONS

General Chiang Kai-shek, President of the Military Affairs Commission, arrived at Chengtu from Chungking by airplane May 26 to supervise the operations against the remnant "Reds" in western Szechuan.

General Chiang returned to Chungking by airplane from Kweiyang, capital of Kweichow, on May 22. He had only arrived at Kweiyang the previous day from Kunming, capital of Yunnan.

GOVERNMENT TROOPS MASSED AT KIANGYU FOR DRIVE ON REDS

Preparatory to launching a general offensive on the recalcitrant Communists under the notorious Red leader, Hsu Shang-chien, a large Government force consisting of units of the various route armies is now concentrated at Kiangyu, strategic city in northern Szechuan. Kiangyu had been besieged for nearly forty days by the Communists and the siege was lifted only last week, when they were routed and driven away by the Government troops.

The main forces of the Communists are now holding Chenchiapa west of Kiangyu. With the launching of the general offensive, it is expected that the Communists will be forced to abandon their strongholds at Chenchiapa, Tungkow and Hsingshui and fall back further north.

The removal of the Szechuan Provincial Government to Chengtu from Chungking is expected to be effected in the near future. Teng Ming-sha, Chief Secretary of the Provincial Government, has arrived in Chengtu to complete preparations for the removal.

DEFENDER OF HWEILI REWARDED AND PROMOTED

For his heroic defence of Hweili, in the extreme southwest of Szechuan, against repeated attacks by the remnant bandits under Mao Tse-tung and Chu Te, Brigadier-General Liu Yuan-chang of the 24th Army under General Liu Wen-hui, has been given one merit and promoted to the rank of Lieutenant-General by General Chiang Kai-shek.

The remnant "Reds" invading south-western Szechuan are concentrated at Tanchiao near Sichang (Ningyuan), southwestern Szechuan, with a view to escaping northwards to Mienning. All strategic points along the Sichang-Yuehsi sector, the Szechuan-Hsikang border and the way leading to the Tatu Ho (River) are being held by Szechuan troops.

REDS ATTEMPT TO INVADE NINNAN

Following their failure to capture the city of Hweili, the Communists under Chu Teh and Mao Tsu-tung have changed their program and are planning to cross the Kingsha river and to occupy the city of Ninnan, reported the *Kung Shen Jih Pao* May 22. About 6,000 Reds crossed the river on the night of May 20 and it was impossible for the Government bombing planes to see them. The Communists under Lin Piao and Tung Chen-ting are now engaging in bitter battles with the government force in the city of Ninnan.

The remnant "Reds" invading the city of Sichang (Ningyuan), south-western Szechuan, have been routed by the Government troops after a fierce assault. General Liu Wen-hui, Commander of the 24th Army, has proceeded from Ya-an (Yachow), western Szechuan, southwards to Hanyuan to inspect the defences there. The units of General Yang Sen, Field-Commander of the 4th Route Army, have been ordered by General Chiang Kai-shek to reinforce General Liu's men and they will be responsible for the defence of the Yuan-Fulin sector near the Szechuan-Hsikang border.

Szechuan forces attacking Chienfo Shan (Mountain of a Thousand Buddhas) in north-western Szechuan have taken all points of vantage near the mountain after passing Yutungkow and Hengliangtzu, according to military advices from the front.

EXAMINATION YUAN HEAD FLIES TO CHENGTU TO SEE GENERAL CHIANG

Tai Chi-tao, President of the Examination Yuan, accompanied by General Ho Chu-kuo, Commander of 57th Army, and Tseng Yang-fu, Commissioner of Reconstruction of the Chekiang Provincial Government, arrived at Chungking from Hankow May 26 by airplane. After landing there for about half an hour, Mr. Tai and party continued their journey by air to Chengtu to see General Chiang Kai-shek.

General Chang Fa-kwei, former Commander of the 4th Army (the famous "Ironsides"), left Nanking for Hankow by steamer May 27 en route to Szechuan to see General Chiang Kai-shek. General Chang said that the purpose of his visit is to report to General Chiang on his observations abroad and ask for instructions regarding various matters.

JAPANESE RUMOR SAYS FIVE PROVINCES COMBINING AGAINST GEN. CHIANG

Plans for the formation of a powerful anti-Chiang Kai-shek bloc, grouping Western and South-western Provinces, are making headway among military leaders of those provinces, according to a *Rengo* dispatch to the *Japan Chronicle* on May 21. The report stated that in the event of the formation of the reported bloc, the five provinces, including Kwangtung, Kwangsi, Hunan, Yunnan and Kweichow, will be involved, with the first two provinces as the centre. Recent strikingly frequent intercourse among military leaders and native war-lords of those Provinces are stated evidently to have been connected with the rumored project for an alliance against General Chiang. It is reported that personal representatives of the war-lords of Yunnan and Kweichow Provinces are busy engaging in conferences at Canton now, while delegates of those Provincial Governments are also exchanging views on the project. In this connection, *Rengo* further reported that Generals Chen Chi-tang and Li Tsung-jen, military leaders of Kwangtung and Kwangsi Provinces, recently met in a conference to device measures to cope with the situation in view of the conspicuous success of the Generalissimo's encirclement policy of the two Provinces. They are stated to regard General Chiang's success in the anti-Communist drive in Yunnan and Kweichow Provinces as a remarkable progress in the direction of encircling the South-western provinces. They also hold the Generalissimo's decision to station permanently the Central Government troops in those provinces as most threatening to the so-called South-western faction.

According to *Rengo*, the two military leaders decided to keep an especially strict watch over Nanking's future attitude towards Yunnan and Kweichow. and in the meantime, will strive for further consolidation of the unity among the south-western bloc, by reviewing and strengthening the existing Kwangtung-Kwangsi joint defence agreement and also by devising concrete war plans in anticipation for hostilities with the Generalissimo's forces in the future.

Dwelling at length on General Chiang-Kai-shek's activities in Szechuan Province for the suppression of Communist-bandits, the *Shanghai Mainichi* discusses the movements of the Communists in the province and the tactics of General Chiang in his military operations.

According to the Japanese newspaper, General Chiang sends miscellaneous troops not directly under his command to the front to fight against the Communists. His personal troops follow these miscellaneous troops and direct them. In this way, General Chiang succeeds in extending his direct influence to all the troops and eliminating the miscellaneous troops.

Declaring that General Chiang spent a number of years in Kiangsi before he succeeded in driving the Communists out of the province, the *Mainichi* believes that the present stand of the Communists in Szechuan, Kweichow and Yunnan provinces demands more time for a complete victory for the Government troops.

"Therefore," says the paper, "it is but natural for General Chiang to turn his attention to the Southwest in an attempt to unify the two south-western provinces of Kwangtung and Kwangsi.

REPORTED REORGANIZATION OF 19TH ROUTE ARMY

As a result of the conferences held by Generals Tsai Ting-kai, Li Chi-sen, Chen Min-chu, and Tang Chi-shiu, the former 19th Route Army now stationed in Kwangsi Province will be reorganized, reported the *Shanghai Mainichi* May 20. According to the plan, General Tan Chi-shiu will be appointed a Division Commander of the Army. $300,000 have already been set aside to finance this action.

JAPANESE REPORTS ON THE COMMUNIST SITUATION

Despite the Chinese reports of victories of the Government troops in their Communist-suppression campaigns in Szechuan and Kweichow, the *Shanghai Mainichi* on May 25 reported that the actual Red situation in the two provinces is as follows:

In Szechuan: the Communists under Hsu Hsiang-chun from north Szechuan to west Szechuan, have practically sustained no loss. At present there are more than 80,000 armed man under Hsu. On May 5th, they defeated the Government troops under Teng Hsi-hou in the upper reaches of Pei river near Yo river. On May 20th, Reds changed their course of movement towards the west and captured the city of Mouchow. Apparently the Reds are trying to reach Tachienlu (Kongting) of Hsikang At present the Reds have reached the western part of the Pei river.

In Yunnan: Communists under Chu Teh and Mao Tse-tung, who went to the north of Kunmin and crossed Kingsha river on May 4th, reached the southern part of Szechuan and were attacking Hwei-li. The Reds are also aiming at concentrating their forces at Tachienlu for the organization of a new Soviet in Hsikang.

In Hunan. The Communists under Hsiao Ke and Ho Lung are stationed around Changtze, Tayung and Tzeli.

In other provinces: Communists number about 10,000, under command of Hsu Hai-tung in the southeast of Shensi and some 5,000 Communists under command of Hsu Yan-kong in Kiangsi, Hupeh and Hunan border are attempting to invade Hupeh. In addition there are 2,000 Reds in central Kiangsi, 2,000 Reds in Chekiang and Kiangsi border, 3,000 Reds near Juikin, in Kiangsi and others at Anhwei, Honan, and Hupeh provinces (all these total about 200,000 men).

ALLEGED ATTEMPTED REORGANIZATION OF YUNNAN FAILS TO REALIZE

The *Kung Shan Jih Pao*, Hongkong, reported on May 16 that to facilitate the Communist suppression in Yunnan Province, General Chiang Kai-shek had intended to reorganize the Yunnan military and political administrations in the way as he did in Kweichow. However after his arrival in Yunnanfu, he found that circumstances would not allow him to repeat what he had done in Kweichow, because of the doubtful attitude of General Yung Lung, Chairman of Yunnan and because of the Communists there were using different tactics there. As a result of a series of conferences with Generals Yung Lung, Hsueh Yo, and others, General Chiang decided to entrust General Yung Lung with the military and political power of Yunnan for the time being. Changes in the personnel of the province would have to be decided by the Nanking Government at the Plenary Session of the Kuomintang.

In commemoration of the historic visit of General Chiang Kai-shek to Kweichow and his great services in the suppression of the Communists in the province, the various public bodies in Kweichow have decided to erect a memorial pagoda in honor of the Generalissimo.

For desertion of his city before the advance of the Communists and delinquency in duty, Chu Ping-chu, former Magistrate of Tating, northern Kweichow near the Szechuan border, has been sentenced by the military court attached to the Kweiyang Pacification Headquarters to 7 years' imprisonment.

HUNAN CHAIRMAN RESIGNS POST

General Ho Chien, Chairman of the Hunan, is reported to have tendered his resignation to the National Government. The cause which prompts the sudden action on the part of General Ho is not known, but it is understood that his resignation has been rejected by the Central Authorities and he has been instructed to remain in office.

One of the most sanguinary battles between Government forces and Red marauders was fought from May 15 to 17 when the troops under Gen. Hsu Yuan-chuan, Commander of Bandit-suppression Forces for the Hupeh, Hunan and Szechwan borders, engaged the Reds under Hsiao Ke and Ho Lung, in an 24-hour encounter at a place in Lungshan in northern Hunan, and succeeded in killing over 2,000 out of the 20,000 outlaws participating in the engagement, according to the *Central News* on May 24. In this battle, it is stated, the Government troops has won a most signal victory over the marauders who suffered, besides the 2,000 slain in action, a large number being wounded or captured, and 1,200 rifles and eight field pices seized.

General Ho Chien left Changsha for Changteh, northern Hunan, by motor-car May 23 to resume direction of the operations against the remnant "Reds" under Hsiao Ko and Ho Lung in north-western Hunan and to supervise the institution of rehabilitation work in the newly recovered districts.

SUN FO AND PARTY RETURN TO NANKING AFTER TRIP TO NORTHWEST

Terminating his fortnight's tour of the North-west; Sun Fo, President of the Legislative Yuan, and his party returned to Nanking May 24. Interviewed, President Sun said that they were impressed by the sincere cooperation among the local authorities in the North-west and their obedience to the Central Government. Through their untiring efforts, remarkable progress has been achieved in the field of reconstruction. Of considerable importance are the Chinghui and Lohui Irrigation Canals, which serve to irrigate thousands of acres of farm land and help to fight the drought problem in the North-west. Despite racial differences, the Han (Chinese), Mongols, Mohammedans and Tibetans in Chinghai (Kolonor) live together in peace and tranquility. Pointing out that the main obstacles to the development of the North-west are the need of water conservancy and communication facilities, Mr. Sun stated that, in future, all efforts should be centered on the further development of water conservancy and the early completion of the Lung-Hai Railway.

In view of the impending departure of Mr. Lin Sen, Chairman of the National Government, for Kuling in Kiangsi for summer vacation, the 15th meeting of the National Government Council was held May 28 to discuss and dispose of the various pending business. Mr. Lin is scheduled to leave for Kiangsi in the first week of June.

Madame Chiang Kai-shek in Kweichow

BY S. Y. CHI (季世英)

(Special Correspondence)

SIGNIFICANT in the history of China is the presence of the nation's perspicacious First Lady in the person of Miss Soong Mei-lin (Madame Chiang Kai-shek) in Kweichow and Yunnan, the remotest provinces (on the southwestern border) ever trod by any of China's former highest authorities, not to mention a lady enjoying the nation's supreme honor. Madame Chiang's tour of inspection, in company with her husband, Generalissimo Chiang Kai-shek, to the inaccessible mountainous provinces on the remotest borders, has manifestly proved her innate ability of leadership in wisely and courageously sharing the same fate with her husband in the punitive expedition against the Red bandits and, thus, marked a new era in the annals of the Chinese women's movement. By voluntarily chosing a life of hardship and uncertainty and by sagaciously displaying the courage to face and overcome such hardship and uncertainty and the determination to rid China of the Red menace and social evils, the couple deserves the most hearty respect and admiration of the people of the whole country.

Madame Chiang Kai-shek

For the benefit of *The Review's* many thousands of readers, the writer reproduces herewith a letter written to the Government Orphanage School at Nanking by Madame Chiang from Kweichow, expressing her delight and observations of the trip from Chungking, Szechuen, to Kweiyang in Kweichow.

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"Dear Students:—I have left you for a long time and on a distant trip, but you are always in my memory. Compared with what I have seen of the poor conditions of the people in the interior, you are really fortunate to live a life of peace and happiness and to get your education in the school, and in the future you will have unlimited opportunity to render your service to the country. I therefore feel very happy for you.

"Kweiyang is the provincial capital of Kweichow. The whole province is practically an ocean of mountains. The people are poor and the place incommunicable. At present there is a motor-car road reaching here from Kwangsi. In the not distant future, a road will be built from Changsha in Hunan and another one from Chungking in Szechuen. Letters by airmail can reach here now. Only a short time ago, one had to travel by foot on the gravel paved narrow paths winding zizzagly up and down the numerous mountains before one could reach one's destination. It usually took 17 days to reach here from Chungking and it requires about the same number of days to reach Kwangchow (Canton) or Yunnan, partly by chair and partly on foot. The panorama of mountains, however, offers a soothing landscape to the eyes of a tired visitor.

"Looking from the air, one sees large mountains and mountain-ranges extending far and wide into the dim wilderness. Amidst them is situated Kweiyang city. Surrounded on four sides by mountains, its altitude is about 3,000 feet higher than the level of Nanking. So, it is quite cool here.

"In Kweichow there are many different races of people. The Miao tribe (苗人) usually make their homes on the mountains. Their work is hard, food simple,and clothing different from ordinary people. Their bodies are not tall but very strong and healthy, able to stand hard work. They do not smoke opium.

"When the Red bandits are suppressed, we have to do something to educate the people here and to improve their conditions generally. As you have the golden opportunity to get your education in the school, you should make up your mind now to prepare yourselves for offering your services to the country.

"Now let me tell you something about my trip on the way. From Kiukiang to Chungking I traveled by steamer. Chungking is about 1,350 miles from Shanghai: its altitude more than 600 feet higher than Nanking.

"From Ichang upward, we passed the famous gorges of the Wushan (巫山三峽) mountains where the river went rolling down furiously, rendering the journey hazardous. As the ship has to travel an elevation of 6 to 7 feet in a short distance of 50 yards against the torrent, it always makes one feel uneasy, thinking that the boat is in immediate danger. In the old days, it was said, it would take several weeks for the big sampans pulled by 20 to 30 persons to pass by the gorges on the up-stream trip. Under the setting sun, the gorges are very beautiful, making one think the creator's solemnity and greatness.

"From Wanhsien (萬縣) upward, conditions are different. There are numerous hills and hillocks, on top of which farms are cultivated. Their houses look like those of Europe in the middle ages. Here flows the Kinshakiang (金沙江) or the Gold Sand River. People in groups of five or ten are seen gathered on the shores, knee-deep in the river, in search for gold from the sand. Hereafter we may include it in our plan of industrial development for the improvement of the economic welfare of the people. It is lamentable to see that Szechuen, one of China's richest provinces, was practically ruined by the years of internecine warfare of the corrupt militarists.

"Szechuen, Kweichow and other western provinces have been spoiled by the evil habit of using opium. So wherever Generalissimo and I go, we do our best to suppress the evil by closing down all the opium houses and teaching the people to drop their habit of using drugs. I myself have tried to organize the women of these provinces in the movement against the drug evil.

"Impressed by the tremendous richness of natural resources in these provinces awaiting systematic and scientific development, Gen. Chiang, therefore, promoted the national Economic Reconstruction Movement, by means of which concerted cooperation from all the leaders of the country will be concentrated on the development of the national economic resources."

Generalissimo and Madame Chiang Kai-shek are to be congratulated for their keen interest in the promotion of the nation's economic welfare despite the hard-pressed business in the campaign against the Red banditry. It will not be before long, when the bandits are suppressed, that the Generalissimo will find ample time and energy to put his plans of national reconstruction into practice—the building of a new China!

Hankow, May 24, 1935.

Dr. Buck Investigates China Economics for U.S. Treasury

Dr. J. Lossing Buck, who has been on leave of absence in America for several months, has been sent by the U.S. Treasury to China to investigate the present economic and financial situation. Dr. Buck left by air from Nanking for Tsingtao and the North several days ago.

University of Nanking Cotton Cooperative Graduates Are Assigned to Important Posts

The University of Nanking has been conducting a special training class in cotton cooperatives. This course has been financed with the aid of the Cotton Committee of the National Economic Council and lasted for nine months. Instruction was given in cooperatives by the cooperative specialists, G. F. Strickland, Dr. W. M. Stevens, and by a number of members of the faculty of the College of Agriculture and Forestry. The graduates of the Cotton Cooperative Training Course have been assigned to important posts throughout China.

Among the 24 successful candidates in the examinations held by the Sino-British Fund, three were from the University of Nanking, including two from the Agricultural College and one from the Science College.

Nelson T. Johnson, U.S. Minister to China, spoke last week at the University of Nanking assembly on the opportunities and responsibilities of students in the present Renaissance in China.

The Korean Element in the Russo-Japanese Crisis

(Manchester Guardian, April 26)

THREE samll ports on the upper north-east coast of Korea have become of great importance since the Japanese occupation of Manchuria late in 1931. Beginning with the most northern one they are Yuki, Rashin, and Seishin. Yuki and Seishin have been established twenty or thirty years; Rashin has only come into existence since the occupation of Manchuria. The Japanese hope to transform this port into a second Dairen. Another undoubted objective is to put an end to the commercial importance of Vladivostok.

The development of these three towns had long been contemplated by the Japanese General Staff, but it was only after the Japanese had eliminated the Chinese administration in Manchuria that they were in a position to go ahead with the completion of a branch railway extending from Changchun through Kirin City to Tunhua. After the seizure of Mukden their army engineers immediatley went to work on the linking up of the Kirin-Tunhua Railway with the Korean lines.

This area, embracing the mountainous country between Korea, Manchuria, and Russian Siberia, is known as the "Chientao" area; the Japanese usually refer to it as "Kando." The Manchurian side is largely populated by Korean farmers, and would quickly become a "hot spot" in the event of war between Japan and Russia.

This map, also reproduced from the *Manchester Guardian*, shows the three new Korean ports which the Japanese military authorities are developing with the double object of stifling the Russian port of Vladivostok and also providing a means of troop transport in the event of war with the Soviet Union.

Seishin, although only twenty years old, has approximately 40,000 people, about half of them being Japanese. The Japanese objective in developing these three ports, but particularly Rashin, is almost entirely of a military nature. The military people feel that it will be possible to send troops from the Tokyo district of Japan proper through these ports directly to Changchun, the capital of Manchukuo, in from forty to fifty hours, and also directly from Tsuruga, Japan, by way of Rashin to Harbin, and thence on north to the extreme bordrs of Manchukuo.

After linking up the northern Korean railways with Kirin City, the Japanese constructed an entirely new line extending from Lafa, on the Kirin line, directly to Harbin. At Harbin a new bridge which they constructed across the Sungari River links up this new railway with a line northward to Hailin. Late in last December they completed a further line to Taheiho, on the Amur, opposite the important Russian town of Blagovestchensk. To complete the strategic network, the Japanese are now working on a further line northward from Yenki, on the Korean border, to Hailin, on the eastern branch of the Chinese Eastern Railway directly to the west of Vladivostok. From Hailin the road is being extended to Sansing, on the lower Sungari, only a short distance above Khabarovsk, the capital of the Soviet Far Eastern Province.

The Japanese have also built a new motor highway, constructed to carry heavy military equipment, along the south bank of the Sungari River from Harbin to a point almost opposite Khabarovsk. The Japanese have thus almost entirely enveloped the hinterland of Vladivostok in such a way that they feel the Russians would be more or less powerless to resist a combined land and sea attack.

But the Russians have not been asleep, and have been developing their Far Eastern naval force, consisting of small submarines and light, fast destroyers based on Vladivostok. No one knows how many of these boats the Russians may have concealed about the inlets of Amur Bay and the Golden Horn. How they have been able to assemble these boats at Vladivostok is not known, but the mystery is probably explained by the so-called "Voroshiloff Iron Works," the busiest industry in Vladivostok. It is said to employ from 3,000 to 5,000 men, most of them skilled workmen recruited from factories in European Russia. Shortly after the Japanese intevention at Mukden, Voroshiloff, Soviet War Commissar, made a trip to Vladivostok, and the new Soviet submarines and destroyers are said to be fabricated in plants in European Russia, shipped to Vladiovstok by rail and steamer, and then assembled at the Voroshiloff works, With a strong fleet of submarines and a "mosquito" fleet of speedy destroyers and torpedoboats, based on Vladivostok, the Russians might cause the Japanese considerable trouble in landing troops at Seishin.

The Soviet Maritime Province is separated from Japanese Korean territory by the narrow Possiet Bay, an estuary of the Japan Sea. The population of a considerable section of the territory radiating inland from Possiet Bay is predominantly Korean. Ths Russians clain that there are between 300,000 and 500,000 Koreane living on their side of the line, most of them being in the Maritime and Amur Provinces. The number of Koreans residing in Manchukuo is though to be about a million and a half. The population of Korea now probably exceeds 20,000,000, and is increasing rapidly, while the number of Japanese in Korea probably does not exceed 250,000. The migration of Koreans into Manchukuo has been going on for many years. The entire Chientao district is predominantly Korean, and an almost similar situation prevails in the territory about Vladivostok. The Korean nationalistic sentiment is so strong here that it influences nationalistic sentiment far over the border into Korea proper.

The Soviet authorities have paid a great deal of attention to the Koreans within their territory. There is a Korean University in Vladivostok, with about 800 students, which keeps Korean nationalistic sentiment alive in innumerable ways. The Director, a Korean, informed me that his was the only Korean eductionaal institution which was keeping the old Korean language alive. Many of his students come from Korea and Manchuria.

Of equal importance is the military development. I was told that there is almost a full division of Korean troops in the Soviet Far Eastern army. This is probably an exaggeration, but one sees large numbers of Koreans wearing the Red Army uniform all along the border from Vladivostok up the Ussuri River and thence westward through Biro-Bijan, the Jewish colony (which contains many more Koreans than Jews). At the public market in Vladivostok, where nearly 5,000 Russians do their shopping daily, I noticed that practically all the stallkeepers were Koreans. One day in Vladivostok I vistied one of the public parks where the Soviet Army was instructing the population in the use of gas-masks and anti-aircraft defence; most of the instructors were Korean officers in the Soviet army.

Recently one of the Soviet newspapers in the Far East stated that the so-called Partisan movement in Eastern Manchukuo was supported by Koreans in the Chientao district, just north of Rashin. The Japanese claim that the so-called Partisans in this area maintain a Soviet form of government. The Kando-Chientao Soviets would constitute a serious obstacle to a Japanese advance against the U.S.S.R. Even if the closeness of Rashin to Vladivostok were not to control Japanese strategy in the Japan Sea, the Chientao-Kando Soviets could obstruct Japanese military movements with comparative ease through their influence over the railway workers and the general population. Thus the Korean element in this triangular struggle is likely to be a most important one. While little has been heard about the Korean independence movement in recent years, it is still something to be reckoned with. An American missionary stationed in Korea recently told me that so-called Communist sentiment is strong in the Korean schools and that the Japanese frequently stage mass raids among the students and bring up large numbers for questioning.

China Takes Steps to Enforce Consorship on Messages Over Japanese Cables

The right of the National Government to censor press cables despatched abroad through the Japanese cable office in Shanghai is the subject of negotiations now being held between the Chinese and Japanese authorities. The right to censor cables despatched by news agencies and press correspondents in China, including the Japanese, is claimed and exercised by the Chinese Government in accordance with Article 26 of the International Telegraph Convention. On the strength of this provision, *Kuo Min* says China has the right to detain or censor any cable messages which are either factually incorrect or unfavorable to the maintence of peace and order in China. Japanese press messages, despatched via the Shanghai-Nagasaki cable operated by the Japanese in Shanghai, must be subject to the same restrictions, it is maintained, as are imposed on messages sent through the Eastern Extension (British), the Great Northern (Danish), the Commercial Pacific (American) cable routes and the Chinese Government Radio services.

Some Facts About the Philippines Independence Act

BY T. C. FU (傅泰来)

THE nation-wide discussion of the Philippine independence act popularly known as the Hawes-Cutting and John McDuffie-M. E. Tydings Bill, has attracted the attention of the public in the Far East. This independence bill, was passed by the U. S. Congress, in a manner unprecedented in American comtemporary history.

The act has now been passed by the Philippine Legislature, and accepted by the people of the Philippines, so it becomes effective at this time. Those conditions present a situation none too favorable, none too satisfactory. In fact, they give rise to a reaction of doubt as to the sincerity and spirit of fair play on the part of the authors and supporters of the bill, which may aptly be described as onesided.

Here are some provisions of the bill that are unjust and unfavorable to the Filipino people:

1. There is not any reflection of an "act of justice and generosity of the American people" in the bill. Even Republican Congressman Underhill, a staunch opponent of Philippine independence, said, "The bill is unjust, unpatriotic, un-Christian and uncivilized."

2. The bill does not grant real independence to the satisfaction of the Filipino people. According to the bill, the United States reserves for herself certain naval and military bases in the Philippine Islands.

"The amendment adopted by the conference committee on this vital point permits the President of the United States to designate and separate during the two years following the end of the transition period, the areas to be permanently retained for military and naval stations or possibly commercial bases."

This part of the bill is detrimental to Philippine prosperity and it is a gross violation of the principles of liberty and equality. This bill then in its final form does not make definite any assurance of satisfactory independence.

3. Another unfavorable feature of the bill is the "Free Trade" restrictions. The manner in which the House of Representatives approved the conference committee report proved conclusively that the purpose of the bill is to satisfy only American interest. According to President Quezon of the Philippine Senate, this compromise bill was the work of the National City Bank of New York in order to protect its billion-dollar investment in Cuban sugar. The bill provides that the importation of Philippine sugar, cordage and coconut oil, will be restricted, while American goods can enter the Philippine Islands without paying any duty.

4. During the transition period local government is not truly autonomous. This compromise bill recognizes the right of the United States to intervene in the administration of the Philippine government. Under the commonwealth, the Philippine legistature can not legislate on many important matters, such as the tariff, currency, education, finance and health, without the approval of the President of the United States.

5. Another discriminatory provision of the bill is the immigration clause. To consider the Filipinos as undersirable immigrants is offensive to their national dignity and pride. There is a reflection in this proviso that they are considered an inferior race.

The Independence Act in no way puts the Philippines nearer their goal. Frankly, they are still adrift in the sea of uncertainly, no better situated than they were ninteen years ago.

SPLIT IN NATIONALISTA PARTY SEEMS CERTAIN

Political gossip in Manila is centered on the strong likelihood of a split in the ranks of the Nationalista party, which has been in power since 1907. It is held certain, as certain as the sun rises in the east, that President Quezon and Senator Osmena, the two chieftains of the party in power, will be "divorced" for the second time, perhaps never to reunite again. In the imminent separation, they will have practically equal shares of their political domain. Quezon's division will probably be greater in strength because of his very apparent alliance with many Democrata leaders. Speaker Roxas, himself an influential Nacionalista mogul, whose rise in politics was due to Mr. Quezon's power, cannot help siding with Senator Osmena this time.

Mr. Quezon holds in the hollow of his hand a great majority of the potential elements of the country. Mr. Quezon's superior power was demonstrated in 1925 when the Collectivistas under his leadership outnumbered Mr. Osmena's Unipersonalistas in both chambers of the legislature and in provincial and municipal elective offices.

One thing remarkable about the imminent split between Quezon and Osmena is the astuteness displayed by the Senate president in preparing for the battle royal. He not only has mended his fence but has likewise entrenched himself in the fortification of a reorganization strategy while Osmena is far away, fighting a battle on the very ground of the common enemy, capitalistic imperialism of America, not the American people at large. For what is the government reorganization but a readjustment for political aggrandizement under the pretext of economy? The skake-up in both chambers of the Philippine Legislature, through temporary in nature, is another illustration of selfish motives of the high priest at the Legislative Building.

Manila University, May 25, 1935.

An Embargo on Siamese Rice Not Advisable, Says Nanking Spokesman

Interviewed recently regarding Sino-Siamese treaty negotiations, a spokesman of the Ministry of Foreign Affairs said that due to the evasive policy of the Siamese Government, the negotiations have practically come to naught. The spokesman said that one of the chief difficulties in Sino-Siamese relations lies in the difference between Chinese and Siamese Nationality Laws. According to the Siamese Nationality Law, promulgated in 1913, any person born in Siam is a Siamese citizen. Therefore, the Siamese Government considers any Chinese born in Siam as a Siamese citizen. According to the Chinese Nationality Law, however, any person, whose father, at the time of his birth, was a Chinese, is entitled to Chinese nationality. The only method of solving this conflict lies in the conclusion of a special treaty between the two countries. With regard to the recommendation for the prohibition of Siamese rice imports into China, in retaliation for the anti-Chinese policy of the Siamese Government, the spokesman said that the disadvantages of this proposal are not slight. Admitting that rice is the main Siamese agricultural product and that over 40 per cent of Siamese rice is exported to China, he said that while an embargo against Siamese rice imports would seriously affect the economic situation in Siam, the food situation in Kwangtung, which depends on Siam for huge rice imports, would also be affected. It is doubtful, he added, whether the embargo, if enforced, would not be objected to by the Kwangtung Provincial authorities.

Two Siamese Army Offices to Be Sent to Japan

Two Siamese Army officers will shortly be sent by the Government to Japan in the capacity of language officers.

Japan Boy Scouts Present Ship to Siam

The 178-ton sailing boat *Wani Maru*, which had once conveyed Emperor Hirohito, will be presented by the Federation of Boy Scout Associations of Japan to the similar organization in Siam, as a token of friendship.

Siamese Investigation Group Will Tour China This Month

An investigation group from Siam, composed of 20 members of the House of Representatives, now in Japan, is expected to arrive in Peiping early in June. The party will later come to Shanghai.

Future of Overseas Chinese Discussed at Nanking Meeting

The problem of Chinese nationals residing abroad, which has been brought to the limelight on account of the present agitation in Siam, constituted the topic of an address given by Chow Chi-kang, vice-chairman of the Overseas Affairs Commission, at the weekly Sun Yat-sen memorial meeting at the Central Kuomintang Headquarters in Nanking May 27.

French Police Temporarily Hold Up Proposed Anti-Siam Tea Party in Y.M.C.A. Building

A group of Chinese who held a tea party on the ninth floor of the Chinese Y.M.C.A. building in the French Concession May 18 were interrupted by the French Police who had heard that the meeting was being held to pass resolutions against Siam. The Police had previously not replied when permission was asked to hold the meeting. The Police eventually refrained from dispersing the meeting on the promise that Siamese politics would not be discussed.

Chinese Post Office Reduces Foreign Letter Rate from $0.25 to $0.20

According to information feom the local postal authorities, international rates of postage on mail matter and parcels as well as international money order fees will, from the June 1, 1935, be lowered. Union postage rates will be reduced by 20 percent, that is a letter for foreign countries will pay 20 cents instead of 25 cents. A sumilar reduction of 20 percent from present rates is to be applied to Hongkong and Macao. Rates of postage and insurance fees on parcels to foreign countries will be lowered by 20 per cent. However, the limit of insurance and insurance fee on parcels to Japan, Korea, Leased Territory of Kwantung and Taiwan remain unchanged. Rates of postage on parcels to U. S. A., Philippine Islands, other U.S. possessions, and countries served through U.S.A. will be reduced by one sixth.

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Anhui Province:—Wuhu, Pengpu, Hsuancheng.

Kiangsi Province:—Nanchang, Kiukiang.

Hupeh Province:—Hankow, Wuchang, Ichang.

Honan Province:—Kaifeng, Chengchow, Shenchow.

Hunan Province:—Changsha, Shasi.

Kwangtung Province:—Canton.

Fukien Province:—Foochow, Amoy.

Shensi Province:—Si-an, Weinan, Hsienyang.

Chahar Province:—Kalgan.

Suiyuan Province:—Kweisui, Paotowchen.

Manchuria:—Mukden, Harbin, Szepingkai, Sunchiatai, Yinkow, Taonan, Changchun, Kirin, Heilungkiang.

Dairen.

Hongkong.

The Chinese Crisis---A Conflict of Cultures

BY C. Y. W. MENG (孟承欽)

CHINA is facing the same problems that Europe faced when the Industrial Revolution overtook its people about one or two hundred years ago. Europe had suffered and also had been benefited by the forces of that Revolution. European women, for example, were liberated and European families were disintegrated through the same forces operating during the industrialization of their countries. So, behind the superficialities of the Chinese crisis, now worrying as well as puzzling most observers, lies the second challenge of an Oriental civilization to what we may call "westernization"—the penetration of alien thought and alien ways. Both spiritual and material, these foreign forms of progress have worked veritable revolution in the lives of the 450,000,000 Asiatics, and have put them at the crossroad of their existence today. So, the chaos in China, which to many seems hopeless, is largely the result of a head-on collision between the factory system of the Occident and the obsolete handicraft organization of society of the Orient. The results are especially disastrous, because, until recently, the Chinese failed to realize what was occurring, and did not take the necessary measures to adapt themselves to the inevitable. Today, we find the challenge is taking place more bitterly than ever.

In a recent article, Dr. Hu Shih, a philosopher of international reputation, after expressing his disagreement with a manifesto by ten professors entitled "Cultural Reconstruction of China on a Chinese Basis,"—in which they express their dissatisfaction with the Westernization and Enlightenment Movements in the past—pointed out that the failure of the earlier reformers was due to the fact that the "percentage of conservatism is far in excess of that of destruction" in their policy; and that these reformers were too unwilling to reconstruct something new apart from the "Chinese basis". After pointing out that the manifesto is after all another modern form of reaction, the aim of which is conservatism, but under the cover of such terms as "mediation" or "compromise", Dr. Hu says that these professors have failed to realize that civilization is changing, though it has the characteristics of preserving itself intact, and of resisting the impress of other civilizations; and that when two civilizations come into conflict, the "force of comparision" will work to destroy the very characteristics of one's civilization of preserving and resisting itself; and that the most unfit, whose resistance is the weakest, would be the first to be eliminated. During the time when a civilization is changing and when the fit and unfit have yet to be decided, continues Dr. Hu, there is no definite standard which could decide which one is to be preserved and which one is to be discarded. So, what is meant by the employment of "scientific methods", as proposed by the professors, is, according to to Dr. Hu, only theoretical and not practical. The learned philosopher exemplifies his statement by stating the fact that no government could set a standard for the emancipation of the women, and no government could act as a "judge of civilization".

Chinese Preserve Too Many of Shortcomings of Chinese Civilization

Dealing with the "Chinese basis" of Chinese civilization, Dr. Hu sees that there would be no danger to it. He feels that everywhere in their political system, social organizations, thoughts, etc., the Chinese have preserved too many of the shortcomings of the Chinese civilization. "They are so many and so deep-rooted that any good system when applied to China loses its usefulness." The famous philosopher concludes by advising the people that (1) we should welcome the scientific civilization of the world; (2) we should give sufficient time to let our civilization have free contact with the world civilization, and (3) we should let them compete with each other, so that, at last a Chinese culture would be formed. "The portion of the Chinese civilization which proves valueless would be eliminated by scientific civilization" says the famous philosopher. In other words, the learned philosopher concludes that the settlement of the Chinese crisis by means of "mediation", "mixture", etc., is highly impossible.

It is clear that China is facing a crisis—Orientalization against Westernization; and it is equally clear that the present tendency as well as the policy of the Government is rather towards the restoration to the old order of the day! The study of Chinese classics was abolished almost as early as 1900 when China, after the Boxer Rebellion, abolished the examination system, and began to open schools. When the Republic was founded, the abolition of the classical study was also affirmed. Therefore, it is surprising to us when we hear that under the nationalist regime, the authority is contemplating to enforce the study of classics! For years, the observation of the Chinese New Year was prohibited. But by the decision of the C. P. C. to the effect that "there shall be no excessive interference of the customs usually observed by the people", the observation of the Chinese New Year has been almost expressly sanctioned by the authorities since 1934. It is equally surprising that the Cantonese, supposed to be the most progressive people in China, have now proved to be the most conservative of all. The "Back-to-Confucius" Movement was first started in Canton. In Canton, we hear very much about the many "orders" from the authorities, prohibiting walking side-by side on the streets, and the sexes swimming together, etc., on the ground of "upholding the old morality", etc.

In the past, we recall that by burning books, and by burying scholars alive, the Chinese ancient rulers had the intention of making the Chinese masses more ignorant, so that the people would not rise up to revolt against their rulers. By enforcing the classical study, by holding the literary examinations, the intention of the Chinese rulers was the same. In citing this historical sketch we do not mean to accuse our government of the same bad intention of making and keeping our people in ignorance, so that no revolt may be possible, nevertheless, we do like to question the intent, meaning and usefulness of the movements, now in progress.

China is so backward a country; and the Chinese people are so ignorant, so conservative, so un-scientific-minded, that it should be the supreme duty of the Chinese leaders of today, upon whom hangs the hope of China, to take steps to encourage the scientific development of the country and people, and a portion of the national revenue should be devoted to the development of science instead of promoting other movements. China is facing foreign aggression,from all directions,so it should be the urgent task of the leaders to develop the national feeling of our people instead of taking actions which do not really work toward this direction. China is in revolution, so there should be more actions creative in character—instead of going back to the old order of the day. Such movements, as discussed above, would not make our people more progressive and scientific-minded. The Nazism and Fascist movements have both saved Germany and Italy, and have made them strong, after the revolution. But so long as the Chinese leaders go on with such movements, we doubt very much if they would ever save China! While the world has already become a scientific world, and is devoting itself to scientific development, China has resorted to talk much about "four virtues", "righteousness", etc., of the past. Is this rational?

To us, the classics are dinstinctly something Chinese, but in a very old type of the Chinese language—the study of which should not be either prohibited or encourged. So, the best way is to create a new Department of Chinese Language in the universities, so that those who want to pursue further study of the Chinese may do so. But the classical study should never be made compulsory in schools primary, middle schools or universities.

The world in which are living today is a scientific world where the struggle for existence is very keen. The one who could survive is the one who is the fittest. What is true of individuals is equally true of nations. So China should realize that both time and the situation demand that China should "double", even "triple" her efforts to modernize herself, and should not be retrogressive.

Nanking May 23, 1935.

Japanese Provincial Papers Oppose Official Control of News Agencies

The Teito *Nichi Nichi*, prominent provincial newspaper in Japan, which has all along covered very carefully all developments in connection with the proposed merger of the *Rengo* and *Nippon Dempo* news agencies, in its issue of May 18 said the promoters of the "Campaign for Opposing News Control" led by Takeshi Azuma and Shoju Koyama, Diet members, to oppose the establishment of a new news agency planned by government circles, met in Tokyo May 16 to discuss the problem. A total of 51 provincial newspapers were represented at the meeting. A resolution was adopted to the effect that control of the news agencies should not be tolerated as a cultural policy of the State and therefore the assembled newspaper men expressed absolute opposition to an amalgamation of *Rengo* and *Nippon Dempo*. It was reiterated that the measures under which the Government deals with the press of the State should always be fair and just. A delegation representing these newspapers called on Soho Tokutomi, veteran journalist and historian, on the unofficial staff of the *Nichi Nichi*, and appealed to him for his support. Mr. Tokutomi in reply said: "The control of news and the merger of *Rengo* and *Nippon Dempo* as planned by the Government cannot be tolerated from the viewpoint of State cultural policy."

Hoshiro Mitsunaga, president of *Nippon Dempo*, took opportunity to clarify his position publicly for the first time toward the rumored merger. He stated the Government's news policy ever since the time of the Hara Cabinet and touched on the relations between the unit prices of advertising and circulation based on the establishment of a new news agency. Mr. Mitsunaga said he was fighting with his back to the wall and hoped that even if he should die because of his opposition to the merger, his clients would take care of his bones. He stated the determination of the *Nippon Dempo* against the merger plan of the Government and hoped that the press world of Japan would understand *Nippon Dempo's* determination and become relieved of their anxiety. The Teito *Nichi Nichi* said it is clear that if the new news agency is established independently of *Nippon Dempo*, the latter's position will become more and more difficult.

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C.E.R. Turned Over in Dilapidated Condition, Says New General Manager

Scathing criticism of inefficiency of the administration of the Chinese Eastern Railway was recently made by Mr. Sahara, the new general manager of the railway, now known as the North Manchuria Railway, during an interview with Harbin press representatives, last week. The railway, he said, was transferred in the most dilapidated condition and in order to put the railway on a paying basis, no less an amount of money than that paid for railway will be required. The Manchukuo personnel of the railway, according to Mr. Sahara, has been found inefficient and requires thorough purging. Under these conditions, he added, the railway for many years will remain a liability rather than an asset for the new state.

Prof. Ustrugov, dean of the Chinese Eastern Railway Technical College, was arrested by the Manchukuo police at Harbin on May 21, charged with having violated police regulations by calling a meeting of the college professors without previous permission of the police authorities.

Yen 10,000,000 Orders for Ships' Steel Plates Expected by Japanese Industrialists from Soviets

Orders for ships and steel plates of a value of Yen 10,000,000 from Soviet Russia are expected by Japanese industrialists following the receipt of inquiries regarding those articles from Soviet officials. Requests for prices on more than ten 1,500-ton cargo boats, tug-boats and small transport boats, were received by various firms including the Mitsubishi and Kawasaki Dockyards. Similar inquiries concerning iron plates were also reported to have been made to the Kawasaki Iron Plate Manufacturing Company. These purchases will be made under the terms of the agreement for the transfer of the Chinese Eastern Railway.

Arms and Uniforms Seized in Medical School Near Shanghai

Four persons were detained by the Bureau of Public Safety in connection with the discovery of 800 suits of grey military uniform and five rifles in the premises of the Tung Nan (South-Eastern) Medical College, near Lunghwa, last week. The police subsequently raided the house of Dr. Kuo Chi-yuan, the president, at 8 Tai Heng alley, Chun Hwa Road, where a pistol, an automatic, and 40 rounds of ammunition were seized.

Investigations to Be Made Regarding Persons Held Under Old Laws

With July 1, the date set for the enforcement of the new (revised) Criminal Code, rapidly approaching, the Ministry of Judicial Administration has issued identic instructions to the Chief Procurator of the Supreme Court and the Chief Procurators attached to the Provincial Higher Courts instructing them to start investigations regarding cases in which persons have been convicted of acts which are not regarded as offences under the new Code. The order points out that the new Code contains in Article 2 a provision to the effect that where there is a change in the law after a sentence has become final, but has not yet been carried out, or has been carried out only in part, and where the act in question is not punishable under the new Law, the persons so convicted should be exempted from further serving their sentences.

New Commission to Check Sugar Smuggling

For the purpose of checking the smuggling of sugar throughout the country, which has become prevalent during the last few years, the Ministry of Finance has appointed a Sugar Distribution Commission to regulate the distribution of sugar in China. *Central News* says that Dr. Feng, the representative from Canton, has intimated that upon the carrying out of the control measures, the Canton authorities will modify their present sugar control system to conform to that of the Central Government, and place the Canton distributing agency under the supervision of the Commission. This would help much towards strengthening the economic solidarity of the country, it was pointed out.

Postal Ban on "China Press" and "China Times" Is Lifted After Eight Months

The postal ban, which was imposed on *The China Press* (in English) and *China Times* (in Chinese) by the National Government last September, was raised May 24. At the same time the *China Times* had restored to it the rights to the telegraphic and radio facilities. The lifting of the ban followed the resignation of T. B. Chang, general manager of these organizations, and the handing over of the control of same to Tu Yueh-sen, managing director of the Chung Wei Bank.

The Matter of Elevating Diplomatic Ranks

BY PAUL K. WHANG (王 仲 芳)

THIS is not the first time that China has the pleasure of receiving an ambassador accredited to this country by a foreign government. Ten years ago, Soviet Russia, as a means of propagating her revolutionary cause among Chinese millions, took the lead in sending a lone ambassador to the old Peking, to the disgust of all other foreign powers. Last year Italy, in an attempt to promote Sino-Italian trade, surprised the world by elevating the status of her legation in China to that of embassy. Therefore the present Japanese move in exchanging with China ambassadors instead of ministers, in point of time, is too late to attract our attention. But the fact that it has set the pace for the United States, Britain and other countries to follow has still made it an event of importance in China's diplomatic history.

Japan, to tell the truth, is the last country which has been expected to agree with China in making this diplomatic elevation, because to her China has been nothing more than "a geographical expression". To elevate the status of her legation in "a disorganized state" would indeed make it difficult for her to reconcile her actions with her words, and therefore ridiculous in the eyes of other Powers. But the history of Japanese diplomacy has been full of instances of inconsistencies and contradictions, so the present Japanese move should occasion no surprise to the world.

That Japan should accord this diplomatic honor to China at this particular time is not at all incomprehensible. This belated action, to all intents and purposes, is but a new move on the part of the Japanese Government to win back the long-estranged friendship of the Chinese people. If this is the motive, the Japanese Government will be destined to be disappointed. Friendship between the two countries, it must be said, can not be promoted by merely raising the status of their respective diplomatic representatives, when the principal cause of their estrangement remains unremoved. China can not be expected to forget her material losses by receiving in return an empty diplomatic honor—an honor that is not suitable for a country which has been repeatedly humiliated and assaulted by a strong neighbor.

What is certain is the fact that the pro-Japanese officials in the Chinese Government will be provided with a new lever for the furtherance of the movement of Sino-Japanese co-operation. Their political position vis-a-vis the so-called America-European Clan will be very much strengthened because of this new development. In the meantime, the Japanese officials can give a great play with this new subject for the early realization of their Pan-Asiatic Doctrine. Therefore, as time goes on, we shall hear more of this Sino-Japanese co-operation both from the Chinese and the Japanese sides.

Soviets Took the Lead

Although the United States and Britain have both announced their respective decisions to follow the Japanese example, their action is, however, too late to offset the advantage already gained by the Japanese Government. It is more than ten years since Soviet Russia set up a precedent for other countries to follow. True, when the Soviets took this action, she was still considered as an uninvited guest to the family of nations. But if Russia's example was not good enough to be copied, then why did they not take action immediately after Italy made her decision known to the world last year? To permit Japan to take the lead over them will only make the present Japanese move more significant in the eyes of the Chinese people and lend weight to the position which Japan occupies. In this regard, we regret to see that Japan has scored another diplomatic victory over the United States and Britain.

That the United States should defer her action to the present is especially a source of complaint to the Chinese people. America has habitually boasted herself of being the first country in introducing the "Open Door" policy in China, in returning the Boxer Indemnity and in recognizing the Chinese Republic. But in the matter of changing the nomenclature of the diplomatic representatives with China, she, to our great bewilderment, has been content to play second fiddle. The officials at Washington can not be totally oblivious of the trends of international politics and the sensibility of the Chinese people. The precedent set by a first-class Power will be invariably followed by other Powers, and therefore the realities of the situation must be faced sooner or later. As China's traditional friend, she has long been expected to set up a noble example for other countries to copy. To defer her action to the present has cost her a very good opportunity to further cement the friendship of these two countries.

China will have at long last her "face" saved, for before long all the leading Powers will one after another send ambassadors to grace the Chinese Government. For years, many of our very sensitive people have considered it a disgrace to the prestige of our country that foreign Powers which have sent an ambassdor to such a small country as Turkey should hesitate to raise the status of their diplomatic representatives in China. Although the difference between a minister and an ambassador is merely a psychological one, China, for the sake of her very important "face", has taken this matter seriously to heart, and has more than once made representations to the foreign Powers for making the change.

Besides saving her "face", what else can China gain from the elevation of diplomatic ranks? The change in the nomenclature of diplomatic representatives will neither make China recover her lost territories, nor wipe off her past humiliations, nor convert her into a first class Power on an equal footing with many other major Powers. China will remain the same old China with or without ambassadors. No one will be so naive as to think that because of the elevation of the status of diplomatic representatives, Japan will henceforth treat China as an equal and refrain from carrying out further aggressions against her. Therefore this exchange of ambassadors instead of ministers, besides satisfying China's vainglory, can bring no material benefits to China.

Political or Economic Advantages Sought

Moreover, it must be remembered that the real motive in exchanging with China ambassadors on the part of the foreign governments is not prompted by their recognition of the importance of China as a country in the family of nations. Soviet Russia, Italy and Japan took this action simply because they hoped to gain either political or economic advantages. The United States, Britain and other countries have to follow suit, bacause their refusal to act likewise would place them in a very disadvantageous position both politically and economically. Thus it is due to a scramble for China's political and economic advantages that the leading countries have agreed to give China a diplomatic honor which has hitherto been denied to her.

On the other hand, China will pay a very high price for saving her "face". The up-keep of embassies in foreign countries will be much more expensive than that of legations. It is no use to deny the fact that prior to the Manchurian Incident in 1931, the Chinese Government could not even send the regular remittances to various legations, and that many of the ministers had to resort to personal wealth to defray their expenses. At one time, it was even reported that a well-known Chinese diplomat went so far as to mortgage his house in China to raise money for his up-keep in a foreign capital. The creation of many embassies at one time will certainly increase the difficulties of our Finance Minister, who has been already at his wit's end to raise money to cover the red figures of our national budget.

While we should spare no efforts to elevate the status of our country, we should in the meantime give our thought to the financial aspect the question. In our financial stringency, we can not afford to have empty honors and luxuries, which give the country no material benefit. As a matter of fact, our "face" can not be saved, as long as a part of our country has been forcibly seized by a foreign Power, concessions and settlements have been dotted here and there, and extraterritoriality is still being enjoyed by many foreign nationalities.

While we do not believe that the parade of foreign ambassadors to Nanking will change the fate of China, we, however, hope that this exchange of higher diplomatic representatives may give China an impetus in her efforts to reconstruct and rehabilitate herself as a modern country so as to justify her claim as an equal to many other countries in the world. We can not command the respect of other nations and increase our prestige in the family of nations, if we do not conscientiously apply our efforts to the task of making China a great country in fact as well as in name. China, with big areas, large population and long history, has the qualifications to be a first-class Power, but these qualifications have served her no good, because the people themselves have not wakened up form their lethargy and the political and military leaders have not been able to sink their personal prejudices and differences for the sake of their country. The elevation of diplomatic ranks will not usher in a new era to China's diplomatic history if we do not make China into a new and united country.

Shanghai, May 25, 1935.

73-024

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

DOWN TRAINS — UP TRAINS

41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,,	Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

New Douglas Air Liner Delayed by Bad Weather

The National Aviation Corporation's new Douglas airliner met bad weather in its first trip to Peiping and back this week, arriving here at dusk May 27, with landing lights shining, a day late. The big liner met bad weather in the trip north, running into a heavy storm north of Haichow. The liner turned back to Haichow and waited there over night, resuming its journey next morning, after refueling.

Temporary Suspension of Chungking Air Service Is Announced

Owing to lack of sufficient number of planes, the Nanking-Chungking air service run by the China National Aviation Corporation has been temporarily suspended.

Japanese Ministry of Communications Plans Huge Scheme of Civil Aviation

An ambitous scheme of civil aeronautical development, designed to cost Yen 190,000,000 in the first year of its operation, is being studied by the Ministry of Communications. The plan provides for the development of domestic air routes, inauguration of international air service, control of airplane manufacturing, training of aviators and establishment of airdromes. Expansion of the six existing large airdromes, construction of three others, financial assistance to 30 local airdromes, construction of emergency landing fields throughout the country and the building of 152 light beacons are among the measures planned by the Ministry.

Tokyo-Formosa Air Line to Be Opened Next January

Preparations are being rushed to complete landing fields in Naha, Loochoo Islands, and in Taihoku, Formosa, by October, to serve the Tokyo-Formosa air line to be opened next January. Douglas 12-passenger planes, imported by the Mitsui Bussan Kaisha from the United States, will be used on the route, with transports leaving each terminus three times a week.

The Japanese Ministry of Communications plans to establish a regular air service from Hokkaido to Formosa, linking the Soviet air route in the north with the American, Netherlands, British, French and German lines in the south. This forms part of the Yen 200,000,000 scheme to develop civil aviation in Japan in the course of the next ten years.

Two Air Tragedies in Japan on Same Date

When a Japan Air Transport seaplane was on a pleasure trip over the Shirahama beach May 19 it hit a stone wall. Five persons were injured. At Beppu another plane crashed into an iron fence on the same date. Two policemen were killed and the pilot received severe injuries.

Non-Stop Moscow-Vladivostok Air Line by Dirigibles Planned by Soviets

A new air route between Moscow and Vladivostok with dirigibles used in non-stop service is being planned by the People's Airship Headquarters of the Soviet Union. The course between Moscow and Vladivostok is to be divided into four segments viz :—Moscow-Sverdrovsk, Sverdrovsk-Krasnoyarsk, Krasnoyarsk-Irkutsk and Irkutsk-Vladivostok.

Soviet Far Eastern Airship Line Said Planned

The inauguration of a regular airship service between Moscow and Sverdlovsk, a distance of about 1,000 miles, awaits only the completion of a mooring mast at the latter city, according to a Japanese traveler, who returned from Soviet Russia last week. The Soviet flier Molokov who recently completed a flight from Moscow to Krasnoyarsk and Dickson Island, is on his way to Moscow.

An agreement was signed last week at Moscow providing for regular cummunication between Moscow and Prague (Czecho-Slovakia) by air.

Chinese Girl Aviation Student Shows Great Presence of Mind

Miss Ah Ching-lee, Chinese girl student of aviation, showed great presence of mind in San Francisco May 15 when she was thrown out of the plane during a practice flight. She calmly yanked the cord of her parachute, coming down in San Francisco bay. She was picked up by a naval seaplane.

Japanese Department Store Employees Give Funds to Build Plane

Employees of Japan's largest department store, Mitsukoshi, May 13 presented the Navy Office with a check for Yen 50,000 for the construction of a fighting plane.

New Zeppelin to Carry Mail Between Germany and America

The U.S. Post Office Department announced this week that arrangements had been made with Germany for a dirigible trans-Atlantic mail service to commence this summer. Dr. Hugo Eckener has almost completed a new Zeppelin for the service.

British to Create 71 New Air Squadrons

The intention of the British Government to create 71 new air squadrons instead of the 22 planned under existing proposals, was revealed by Sir Philip Sassoon, Under-Secretary of State for Air, in winding up the defense debate in the House of Commons May 22.

Marshal Chang's Boeing Plane Makes Record Trip from Nanking to Shanghai

Marshal Chang Hsueh-liang's Boeing 247-D plane made a record trip from Nanking to Shanghai May 28, covering the distance in 54 minutes. Cameron Forbes and C. J. Caroll of the American Economic Mission were passengers on the plane.

Japanese Cabinet Selects Five Aides for "Brain Trust"

Five high officials of the Government were appointed by the Japanese Cabinet May 14 to act as senior investigators for the newly established National Policy Council, ("brain trust."): Haruo Matsui, chief of the General Affairs Section of the National Resources Bureau of the Cabinet; Tatsuo Yamada, Chief of the Budgetary Section of the Finance Ministry; Issei Iinuma, Governor of Saitama Prefecture; Kuninosuke Fujita, Secretary of the Commerce and Industry Ministry, and Hachiya Obama, Director of the Agricultural affairs Bureau of the Agriculture and Forestry Ministry.

Minseito Spurns Coalition with Seiyukai

Plans for the formation of a common political front between Japan's two major parties were brought to an abrupt end May 22 when the Minseito notified the Seiyukai of its unwillingness to form a coalition. The Seiyukai still remains adamant in its opposition to Premier Keisuke Okada's Cabinet.

Japanese Parties Prepare for Elections Next Autumn

Japan's political parties, existing and projected, are preparing for the prefectural elections, which will begin on September 21 in Tottori and end on October 14 in the Shizuoka prefecture. This year's elections will have unusual interest both because of the expected appearance of a new party, composed of Seiyukai's "deserters", and because of the electoral reforms planned by the Government.

Navy Veterans Observe Thirtieth Anniversary of Battle of Tsushima

More than 2,000 survivors of the Tsushima battle, 1905, in which the Japanese Fleet commanded by Admiral Togo annihilated the Russian Navy, observed the thritieth anniversary of the event by taking part in a memorial ceremony at the Military Hall, Kudan, Tokyo.

Rear-Admiral Shizue Tsuda, commander of the Japanese naval forces in Manchukuo, was decorated May 23 with the Order of the Rising Sun, second class.

Official Urges Japanese Businessmen to Send Economic Mission to Russia

Kozaemon Kawatani, commercial concillor of the Japanese Embassy in Moscow, now on furlough in Japan, is urging Japanese businessmen to send an economic mission to Russia for the promotion of Soviet-Japanese economic relations.

Embargo on Siamese Rice into Japan to Be Lifted

Lifting temporarily the present embargo against foreign-grown rice, the Japanese Government has decided to permit the importation this Summer of 1,023,800 bushels of the Siamese product, provided it is destined for industrial uses.

Japan Considers Counter-Measures Against Canada

Measures of retaliation against Canada's anti-Japanese trade legislation were considered at a meeting of the Customs investigation Committee in Tokyo May 22. Abolition of the anti-dumping levies and the lowering of the present high tariff schedule, restricting the imports of Japanese goods into Canada will be asked at Ottawa by Sotomatsu Kato, newly appointed Minister to Canada who is now enroute to the Canadian capital.

O.S.K. to Make Bid for Brazilian Cotton Trade

Officials of the Osaka Shosen Kaisha, Japan's second largest shipping company, May 23 made a bid for the prospective Brazilian raw cotton trade with Japan by announcing that they were prepared to assign a new 7,000-ton freighter to its South American service.

N.Y.K. Declares Five Per Cent Dividend for Current Year

An additional dividend of two per cent was approved at a general meeting of the shareholders of the Nippon Yusen Kaisha May 24. This decision brought the total dividend for the 1934-35 fiscal year to five per cent.

Japan's Mandated Islands to Have Five-Year Plan

Formulation of a five-year plan for Japan's mandated islands in the South Seas has been decided by the Ministry for Overseas Affairs. The Ministry will dispatch three investigation parties to the Islands this month for a three-month study of the mandates' industrial, financial and communication problems. On the return of these groups the Ministry will put finishing touches to the five-year plan.

Japanese Negotiate for Purchase of Australian Mine

Negotiations for the purchase of an iron mine on Yampi Sound Island on the west coast of Australia by the Nippon Mining Company are reported to be well way under following a conference May 20 between officials of the Japanese firm and John Collins Willcock, former minister of Railways, Education and Justice of Western Australia.

Japanese Railway Revenue Shows Steady Decline

Steady decline in the revenue of the Railway Office since January has caused Railway Minister Uchida to order investigation of its cause to the authorities concerned. Last year between January and April shipments of coal amounted to 1,450,000 tons but this year only 210,000 tons, or one-seventh, have been sent over the rails.

Japan Rayon Industry to Curtail Production

Faced with rapidly falling domestic market prices for their product, coupled with sluggish overseas markets, the leaders of Japan's rayon industry are seeking to curb production by 20 per cent. for three months beginning in July. In plants operating less than 7,000 spindles, 3,000 spindles are to be exempt from the restrictive pact.

Japanese Export Garment Workers Go on Strike

Sewing machine operators employed in the export garment trade in Yokohama struck work May 25 for increased wages, leaving large foreign orders for cotton garments unfinshed. Later, Tokyo and Yokohama shirtmakers threatened to walk out in sympathy with the garment workers. There is a movement on foot amongst the workers to organize their own export agencies on a co-operative basis if employers do not meet their demands for a more equitable share of the profits.

Japanese Ratification of Pact With Netherlands Draws Nearer

The proposed Japan-Netherlands abritration treaty was approved by an examining committee of the Privy Council May 24. The treaty, which is the first pact of its kind concluded since Japan announced her intention to leave the League of Nations, was signed by Hiroshi Saito, then Japanese Minister to the Netherlands, and Dr. F. Beelaerts van Blockland, Netherlands Foreign Minister, on April 10, 1933.

N.E.I. Official Proposes Resumption of Deadlocked Talks

Moving to break the deadlock in the trade conference between Japan and the Netherlands East Indies, Dr. G.H.C. Hart, director of the Economic Affairs Bureau of the N.E.I. Government, has proposed to Saichiro Koshida, Japanese Consul-General in Batavia, to start preliminary negotiations shortly.

Netherlands East Indies Decree New Import Restrictions

Imports of cotton and wool blankets and towels to the Netherlands East Indies were restricted by a new decree issued on May 17 and put into effect next day, according to an official report received by the Tokyo Foreign Office.

Ecuador May 23 joined the ranks of Central American states which are seeking to curb Japanese imports. Under the terms of the new regulations, it was reported, an additional ad valorem duty of 50 percent will be imposed on cotton piece goods, while a similar levy of 30 percent will be collected against imports of shaving brushes, cotton towels, handkerchiefs and bed spreads.

Japanese Say No Stabilization Possible Until "Gold Bloc" Collapses

Exchange experts in Tokyo May 25, discussing the action of the French Government in raising the official discount rate, commented that international exchange will not be stabilized until the "gold bloc" built around France collapses.

Raw Cotton Substitute from Common Straw—Japanese Professor's Discovery

Doctor Soai Tahaka, Professor in Kyoto Imperial University, claims to have discovered a method of converting common straw into material virtually identical with raw cotton. He will attempt to commercialize it and make Japan independent of any foreign cotton supply. It is claimed that Professor Tanaka obtained the idea from one Koretomi Honda, a swindler now in prison, who was charged with selling stock in a concern supposedly possessing the secret which the Professor claims to have perfected

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Japan Not to Join in London Chinese Arts Exhibition

Japan May 22 refused to participate in the International Exhibition of Chinese Art to be held in London from November to March next year. Notice to this effect was served on Robert Lochart Hobson, keeper of the Department of Oriental Antiquities of the British Museum; George Emorfopoulos, famous collector who recently sold his celebrated collection to the British Museum; Oscar Raphael, another famous collector of Oriental Art, and Sir Percival David, well-known expert on ceramics, who were in Japan seeking to obtain the loan of some Chinese masterpieces held in Japan. Japan's decision followed the refusal of the Society for the Investigation of Important Arts of the Education Ministry to issue permits for the exportation of some pieces which are regarded as national treasures.

Japan Seeks Revision of Fishery Treaty with Soviets

"Lack of sincerity" on the part of the Soviet Government was given by a high Foreign Office official in Tokyo May 22 as the reason for Japan's decision to notify Moscow of her intention to revise the Fisheries Treaty of August 3, 1932. The decision was reached following the receipt of an official report from the Soviet Capital that Moscow had not yet prepared its reply to Japanese proposals for supplementary agreements made on April 14.

Japan's intention to revise the Soviet-Japanese Fisheries Treaty was communicated May 26 to the Moscow Government by Tamekichi Ohta, Ambassador to the Soviet Union. Mr. Ohta will particularly seek to come to an agreement on the abolition of the existing system of auctioning the fishing districts and of the present rouble-yen exchange scheme, and to formulate a plan for fish conservation and for a more adequate employment of the conservation tax.

Ten Thousand New Immgrants Expected in Jewish Autonomous Province This Year

This year, the Jewish Autonomous Province plans to receive more than ten thousand new immigrants. The first groups of immigrants from various regions of the USSR are already arriving. In the past year agriculture in the Jewish Autonomous Province has developed considerably. In 1934 there were 51 collective farms and now there are 65.

Manchukuo to Open Consulate-General in Moscow

The Manchukuo Government May 23 decided to open a consulate-general in Moscow, appointing Pao Kuan-cheng, former Manchukuo representative in Tokyo and one-time mayor of Habin, to head the new office.'

Soviets Manufacture 1500 Sewing Machines Per Day

A recent *Tass* message from Moscow pointed out that in Tsarist days sewing machines were, for the most part, imported from foreign countries. The small Singer Sewing Machine Factory in Podolsk, which was in existence then, only set up machines from parts which had been sent from America. Now sewing machines are made exclusively from Soviet materials at an output of 1,500 machines per day. There has been a steady increase in exports.

Severe Drought and Crop Failures Are Reported from All Parts of China

A serious drought is afflicting the various districts in eastern Shantung. Owing to the prolonged dry weather and lack of rain, considerable damage has already been done to the growing wheat crop, which is begining to wither and die.

Three thousand peasants of Tsingtao engaged a gigantic prayer meeting last week for rain, because of the prolonged drought in the district.

Many districts of Hopei province, east of Tientsin, are suffering seriously from a prolonged drought.

Crop failures resulting from the prolonged drought in 1934 and the heavy rains this year have caused much suffering among the peasants of North Kiangsi. According to recent reports from the districts of North Kiangsi, the peasants are living on grass, weeds and tree-bark.

Many peasants in Kwangtung have committed suicide because they have no means of making a living, according to a report received from the Nan Shun districts.

According to the famine relief commission, 67 out of the total of 86 hsien of Hunan Province suffered from prolonged drought in 1934. The total area affected by the drought was 14,376,851 *mou* and the total number of peasants affected reached 13,154,502.

Conservancy Work Proceeds on North China Rivers

The work of reinforcing the southern embankments of the Yungting Ho (River) at the Sankoting Area, north of Tientsin, and repairing its dams was officially started May 22. The operations are to be completed by the middle of June.

Kung Hsiang-yung, member of the Standing Committee of the National Water Conservancy Commission and concurrently Vice-Chairman of the Yellow River Conservancy Board, has been ordered by the National Economic Council to inspect the Yellow River dykes in the three provinces of Honan, Hopei and Shantung. He arrived in Kaifeng this week. He is first inspecting the dykes at the Kuantai and Mengtsing areas, along the Hopei-Honan border, following which he will proceed along the River to examine the work of reinforcing and repairing various sections of the damaged dykes in the three provinces.

The first stage of the operations for diverting the waters of the Huai River into the sea was declared concluded May 25. A total of 130,000 workers, who were engaged in the work, have been sent back to their farms for the spring sowing. The second stage of the work will be started in September.

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Japan to Settle Half a Million Farmers in Manchuria

PLANS for the establishment of a huge semi-official emigration company, which would finance the settling of 500,000 Japanees farmers in Manchuria in fifteen years, moved one step nearer to realization May 23 when a high official of the Ministry of Overseas Affairs started from Tokyo for Hsinking to confer with the authorities there. The firm, according to the project being taken to Manchukuo by Kanfu Morishige, chief of the Oriental Affairs Section of the Ministry of Overseas Affairs, would be capitalized at Yen 50,000,000. Half of this sum will be underwritten by the Government. Low interest loans in cash, farm implements and land will be made to settlers in a way similar to that in which the transportation and settling of Japanese emigrants to the South America are financed.

Establishment of Japan-Manchukuo Economic Commission Draws Nearer

The Tokyo *Asahi* May 16 stated that a draft agreement between Japan and Manchukuo for the establishment of a single economic commission and an annex have been completed, except for a single item coming under the jurisdiction of the War and Navy Offices, and will shortly be submitted to the cabinet and then negotiated with the Manchukuo Government through Ambassador Minami. The creation of a joint economic body to rationalize and harmonize economic relations between Japan and Manchukuo has been considered necessary, as Japan's Manchukuo policy has recently entered a stage of economic activities from one of peace maintenance. When General Jiro Minami left Japan for his post in Hsinking such was the line of work expected of him. The authorities concerned, therefore, have been deliberating on the means of securing economic cooperation between Japan and Manchukuo. If the latter accepts the proposal, Imperial reference to the Privy Council on the matter will be arranged and the agreement will be duly signed between the Japanese Ambassador and Manchukuo Foreign Minister Hsi Chieh-shih. It is expected that the date of signature of the agreement will be some time in June.

Army Says the Time Has Arrived for Rational Cooperation Between Japan and Manchukuo

The Tokyo *Asahi* May 20 stated that the basic future policy of the Army regarding Japan-Manchukuo economic co-operation is based on the view that the transitional period in which utmost emphasis was put on national defense industries has passed and that normal economic construction should be realized through rational unification of the economies of Japan and Manchukuo with development of welfare industries as the paramount issue.

The future policy of the Army is summarized by the *Asahi* as follows: Utmost efforts are be made to avoid economic blood-sucking of one country at the hands of the other in realizing economic co-operation between Japan and Manchukuo. Rational unification is to be established firmly in view of the mutual economic dependability of the two countries; regarding concrete endeavor, as has been repeatedly stated in Manchukuo's announcements regarding economic plans, state control has to be exercised for such industries as pertain to national defense, major industries, public utilities industries, etc., and industries which form the basis of general industries, but as to the other general industries the scope of free enterprises is to be extended as much as possible; inflow of Japanese capital into Manchukuo is to be made easier for development of Manchukuo.

Japan and Manchukuo Sign Traffic Agreement

A new Japan and Manchukuo through traffic agreement was signed at Hsinking May 22. The agreement provides for the establishment of through railway service between Korea and Manchukuo and of Manchukuo customs offices at Korean ports, Yuki, Rashin and Seishin.

Ambassador Minami to Start Negotiations for Treaty with Manchukuo

General Jiro Minami, Japanese Ambassador in Hsinking, will soon start negotiations with the Manchukuo Government for the conclusion of a treaty providing for the projected establishment of the Japan-Manchukuo Economic Council, a high Foreign Office official disclosed May 25.

Formal approval of the Japanese Government of the appointment of Hsien Chien-shin, former Minister of Foreigh Affairs, as the first Manchukuo Ambassador to Tokyo, has been asked by the Hsinking authorities through General Jiro Minami, Japanese Ambassador to Manchukuo.

Manchukuo to Have State Bonded Warehouses

A recent message from Hsinking stated that State-owned bonded warehouses, to be operated by the South Manchuria Railway Company, will be opened for business on July 1. Mukden has been selected as the site of the first state warehouse, with Hsinking, Harbin and other important cities soon to follow suit.

Japan-Manchukuo Joint-Capital Sugar Company to Be Established

The Tokyo *Asahi* May 18 stated that a new Japan-Manchukuo joint-capital sugar company is to be established with Yen 10,000,000 capital, the majority of which will be borne proportionately by the member companies of the Sugar Industrial Association. Factories will not be specially erected, but those already in use at Mukden, Tiehling and Hulan, formerly belonging to the South Manchuria Sugar Company will be used. Hatsutaro Akashi, president of Showa Sugar Manufacturing Company, who is well acquainted with conditions in Manchuria and China, will have charge of management as the representative of the Sugar Industrial Association.

Manchuria Is Short of Foodstuffs

The price of rice has increased more than triple of late, because of the serious shortage of foodstuffs in Fengtien Province. The Manchukuo authorities have ordered $300,000 worth of rice from Saigon to meet the urgent needs of the people.

Two Killed, as Guards Repulse Wreckers of Train Near Imienpo

Two guards were killed and three wounded when bandits derailed and attempted to loot a freight train 23 miles west of Imienpo May 27. The bandits, who had pulled up a section of the track, poured a heavy fire into the train as it toppled over. The guards, however, went into action and repulsed them after a short but bitter fight.

Anti-Japanese Volunteers Still Active on Manchuria

According to correspondents who have visited Manchuria recently, the anti-Japanese Volunteers continue extremely active in Manchuria. Some 200 anti-Japanese Volunteers are still fighting the Japanese troops at Tatungkow near Antung Hsien.

General Hayashi Reaches Manchurian Capital on Inspection Trip

Gen. Hayashi, War Minister, proceeded to Hsinking, May 27, after two days of strenuous inspection of Japanese military and industrial establishments in Port Arthur and Dairen. The adjustment of the Japan-Manchukuo economic relations is the most vital issue of the hour, declared General Hayashi, on his arrival in Hsinking. The formation of the joint Economic Commission might contribute to the settlement of the question, he added. During his stay in the Manchurian Capital, Gen. Hayashi was received in audience by Pu Yi. He is exchanging views on Mauchuko military and economic affairs with Gen. Jiro Minami, Ambassador to Hsinking, and other high Japanese and Manchou officials. Gen. Hayashi's itinerary includes visits to Harbin, Tsitsihar, Taheiho, on the Soviet-Manchukuo border, Mukden and Jehol, in all of which points he will inspect Japanese garrisons.

Eight Japanese Peers, Touring Manchuria, Are Received by Pu Yi

Eight members of the Japanese House of Peers, headed by Prince Sanetako Ichijo, who are now on an inspection tour of Manchukuo, were received by Pu Yi May 27.

Mukden Arsenal Additions to be Completed End of July

Completion of the extensive construction program at the Arsenal in Mukden, involving an expenditure of $1,500,000, is expected by the end of July. Equipment for five new plants,—machinery, bridge, rolling stock, steel casting and steel works—has already been received and is now being installed.

Harbin Is Unable to Balance Budget

In spite of many retrenchment measures, the Harbin Municipal Government will be unable to balance its receipts and expenditures for this current fiscal year which ends June 30 next, many items of the budget provisions having been considerably exceeded.

Asano Cement Co. to Start Subsidiary in Manchukuo

The Asano Cement Company, Japan's largest cement producer, has decided to open a subsidiary enterprise in Manchukuo. The Company plans to sell its output largely in Jehol and North China.

Lake Buyer Nor Conference Starts at Manchuli

The conference between Outer Mongolian and Manchukuo delegates to settle the Lake Buyer Nor incident was scheduled to start this week at Manchuli. The demarcation of the border in the vicinity of Khalkamiao will also be discussed.

Ohashi to Continue in Manchukuo Government Post

Ohuichi Ohashi, Manchukuo vice-minister for Foreign Affairs, May 22 announced he had withdrawn his resignation "at the earnest request of the Government."

Girl Student Dies in Prison at Peiping

Miss Wu Chun-lien, a girl student of the Peiping National University, who was arrested on suspicion last year, died in prison at Peiping May 26.

6,000 Students Take Solemn Oath to "Buy Chinese"

(*From the Review's Correspondent at Hankow*)

MORE than 6000 students of Hankow, gathered in the Chung Shan Park last Sunday to inaugurate the students' year for the promotion of native goods, solemnly swore to use China-made goods whenever possible. Regretting the poor results of the past twelve months, designated Women's Year, the officials promoting this new movement hoped that the enthusiasm of youth would reach greater heights with better results for China's languishing home industries. The mayor of Hankow, Dr. K. C Wu, presided at the meeting and urged all students to make their influence felt not only in the home but also in society. The oath taken at the conclusion of the many persuasive speeches follows.

"I solemnly swear to use Chinese-made goods and use my best effort to persuade my family and the society to which I belong to do likewise. If I fail in this oath I am willing to submit to the severest punishment."

Hankow Herald's Comment on "Buying Chinese"

In justifying the action of the government in fostering the "Buy Chinese" Movement, the editor of the *Hankow Herald* (Chinese-owned English daily) comments: "It may also be pointed out that China (and for that matter no country) can get along without goods from other countries . . . (But) when other nations whose industries are far ahead of China's and which have never known any adverse trade balance, have to resort to high tariff walls and buy-native-goods slogans to protect and encourage their own far-from-being infant industries,there is all the more reason for a similar step by a country where an adverse trade balance is the rule rather than an exception."

Improving Chinese Industries Scientifically

The concluding paragraph of the Hankow editor is well worth pondering, for it reveals the dawn of a new day in evaluating China's home industries:

"There is one point that is frequently neglected by those enthusiasts of the "Buy Chinese" Movement, and that is a thorough house-cleaning of China's industries. We are glad that this point was emphasized by Mayor Wu, . . . the need of improving China's products along scientific lines. The only reason why foreign goods can out-sell native goods in the Chinese markets is that the former are frequently superior both in quality and price to the latter. Patriotism, though needed to give the necessary stimulus, cannot be depended upon for the maintenance of Chinese markets for native goods. People as a rule judge the products by their quality and price. They seldom act from the motive of partiotism."

All-Hupeh Athletic Meet in Wuchang

In order to encourage better forms of recreation, the Hupeh Provincial Bureau of Education arranged for an All-Hupeh Athletic meet in Wuchang, beginning May 24. Both sexes were represented in all events, which included besides track and field events, tennis tournaments, soccer, volley ball, baseball games, as well as swimming contests.

Governor Chang Chun and Marshal Chang Attend

The opening ceremony was conducted by General Chang Chun, president of the provincial government. Marshal Chang Hsueh-liang and General Ho Chen-chun, Hupeh Pacification Commissioner also were reported to have attended the athletic meet.

Kiangsi Chairman Confers With Marshal Chang

During the past week Marshal Chang Hsueh-liang has conferred with General Hsiung Shih-hui (May 20-22), chairman of Kiangsi province, about the Red menace along the Hupeh-Kiangsi border.

The Changsha-Hankow railway line has been threatened by raids of Reds along the Hunan-Hupeh border. These Reds originally came from the Kiangsi mountain districts southeast of Hankow. The Young Marshal has used his troops to good advantage and has succeeded in keeping the Red marauders from gaining any foothold in this province. However, there have been some skirmishes with the Reds right across the railway tracks on the border between Hupeh and Hunan. Trains have been delayed a few hours during these incidents, but normal traffic has now been restored. Armored trains conduct the passenger trains through the danger zone. The Marshal is also bringing bombing planes into action against the Reds, and a tough time is in store for the remnant "communists." We hope he gives them no quarter. A waning cause is never very popular in China, so if the common people in the Red areas could be persuaded that the Red cause is a hopeless cause, one of the greatest assets for the government forces would be gained.

Hankow, Changsha, Changteh Do Not Fear the Reds

There were a few wild rumors afloat in Hankow the past ten days to the effect that the Reds were not far away and a grave menace to the peace of the port. Such grotesque ideas were circulated by irresponsible persons, not in close touch with the situation. There is no threatening Red danger in the Wuhan center. Recent reports from Changsha and Changteh in Hunan also confirm earlier ones to the effect that General Ho Chien has the situation fairly well in hand as regards the larger centers in Hunan. It is hoped that the situation in northwestern Hunan, now considerably improved, will continue to become better. Things are beginning to point in that direction.

Hankow, May 27, 1935.

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Next Year's Budget Totals Almost One Billion Dollars

The National Budget estimates for the next (24th) fiscal year (July 1, 1935-June 30, 1936), balanced at $957,184,006, were approved by the Central Political Council at its meeting held in Nanking May 22 under the chairmanship of Yen Chu-tsang, member of the Standing Committee.

The estimates are to be referred to the Directorate-General of Budgets, Accounts and Statistics, through the National Government, for readjustment in accordance with the resolution of the Council. The Budget will then be referred to the Legislative Yuan for examination and adoption.

A considerable decrease of national revenues, such as those derived from the Customs, has been responsible for the revision of the National Budget for the new fiscal year of 1935-36, according to a C.P.C spokesman. The falling off of Customs Revenue has been caused by the business slump, the weakening of the people's productive and purchasing power, and the adverse effect of the silver complications. To remedy this shortage of estimated national income, the budgetting committee has adopted two general principles, namely a retrenchment of expenditures and the abolition of superfluous governmental organs. To effect a retrenchment of expenses, it was pointed out, a decrease of over $8,000,000 has been made for the two items of Party and political expenditures as compared with the budget of the previous fiscal year. Items of expenditures for industry and education, have, however, been given an increase of over $3,500,000 as compared with the previous budget.

The total estimated revenue of the National Government for the fiscal year 1935-1936 as approved by the Central Political Council May 22 is $742,643,340 while the expenditure for the same period is $949,357,413.

Details of the expenditures and revenues of the 1935-1936 budget follow:

EXPENDITURE:

1.	Party	$ 6,017,139
2.	National Government	15,957,421
3.	Military expenses	416,573,472
4.	Interior	7,855,910
5.	Foreign Affairs	10,325,756
6.	Finance	72,769,220
7.	Education	47,072,951
8.	Judicial administration	3,063,765
9.	Industries	5,934,173
10.	Communications	5,515,242
11.	Mongolian and Thibetan	2,289,586
12.	Reconstruction	3,914,825
13.	Subsidies	40,429,713
14.	Subsidies to Government enterprises	4,060,500
15.	Compensation, etc.	5,836,699
16.	Temporary accounts	38,802,476
17.	Loan service	278,394,529
	Total	$949,357,413

REVENUES:

1.	Customs	$355,361,400
2.	Salt	180,219,044
3.	Wine and Tobacco	22,349,186
4.	Stamp	12,000,000
5.	Consolidated Tax	102,498,177
6.	Mining	3,873,124
7.	Exchanges	150,000
8.	Banking	1,600,000
9.	Receipts from Gov't. properties	8,846,850
10.	Receipts from Government administration	10,931,989
11.	Receipts from Government enterprises	20,855,022
12.	Transfer from Government enterprises	877,756
13.	Quotas from provinces, etc	3,768,000
14.	Miscellaneous	19,312,792
	Total	$742,643,340

The above figures are given by the *Shanghai Mainichi*, and may be taken as approximately correct. However, there must be a discrepancy in the expenditure items, as the figures do not add up quite correctly.

Minister Kung Says Policy of Strict Retrenchment Will Be Enforced

Dr. H. H. Kung, Minister of Finance, in an interview in Nanking May 23 said that the financial policy of the National Government for the next fiscal year will be based fundamentally on the enforcement of the National Budget for the 24th fiscal year (July 1, 1925-June 30, 1936), which has now been approved by the Central Political Council. In view of the already heavy burden of taxation on the people, he continued, any new sources of revenue that may be opened up must not add to their burden. Though a policy of strict retrenchment will be enforced, those enterprises which should be promoted in the interest of the masses, such as education and industry, will not be affected. In fact, while Administrative expenditures for the new fiscal year are less than for the present year, the allotments for education and industry have been increased. He mentioned incidentally that the budget is short by a sum of more than $190,000,000.

The *China Times* commented:—"The reduction of the budget by eight million dollars is a fact for which to be thankful, but at the present time of national regeneration, the Government needs the continuous material support of the people. If strict retrenchment is carried out in such a way as to limit the natural growth of the country, it will do much harm to that regeneration of the country for which we are striving."

Ministry of Finance to Supervise Issue of Banknotes

A message from Nanking May 26 stated that vigilant supervision on the issuance of banknotes by the various private and regional banks will be exercised by the Ministry of Finance with a view to ascertaining the cash solvency of the banks concerned. In each of the banks issuing banknotes, therefore, will be stationed a supervisor appointed by the Ministry of Finance. Among those who have been appointed were Chia Tsun-teh, who will be stationed in the Agricultural Bank of China, and Shen Pin-yuan in the Ningpo Commercial Bank.

Agricultural Bank of China Will Issue Bank Notes

A set of Regulations consisting of 27 articles governing the organization of the Agricultural Bank of China (re-organized from the Four-Province Farmers' Bank for Honan, Hupeh, Anhwei and Kiangsi) was adopted by the Legislative Yuan May 24. The capital of the Bank is to be $10 millions and it is empowered to issue banknotes for general circulation. The Yuan then continued its meeting *in camera* to discuss certain financial proposals submitted by the Ministry of Finance. President Sun Fo, who had just returned to Nanking from his inspection tour to the Northwest, presided.

Kansu and Yunnan Provinces Show Deficits

In a telegram to the Nanking Government May 20, General Yung Lung, Chairman of the Yunnan Provincial Government, declared that the budget of the Government of his province shows a deficit of more than $1,700,000 every year.

Chu To-min, Finance Commissioner of Kansu Provincial Government, stated May 20 that the total revenue for the fiscal year of 1935-36 will be $8,580,000, while expenditures will amount to $11,100,000 according to the budget compiled by the authorities of Kansu. Mr. Chu arrived in Nanking May 22 to report to the Central Authorities on the financial position of the Kansu Provincial Government and appeal for substantial assistance.

The Hunan Provincial Government has given an order to the Hunan-Hupeh Printing Factory of the Ministry of Finance, to print $1,000,000 worth of short term bonds of five dollar denomination.

A run started on the Industrial Bank in Tsinan May 24. By noon, $150,000 worth of cash had been drawn out.

Bank Managers Arrested for Misappropriation

Fu Ling and Shih Shao-hua, former manager and assistant manager respectively of the People's Bank, Nanking, were arrested May 23 on an alleged charge of misappropriation of funds amounting to $400,000.

Three Banks Fail in Tsingtao

Three banks in Tsingtao including the Min Hwa Bank, suspended business May 23 because of serious financial difficulty. The Min Hwa Bank, established in 1920, had a capital of $5,000,000 and total deposits of more than $7,000,000. As a result of the failure of the Tsingtao branch a serious run was started on the head office in Shanghai and the branch offices at Peiping and Tientsin Finance Minister Kung stated in an interview stated that the bank's directors of the Shanghai branch will be held responsible to pay the depositors of the Shanghai branch in full.

Tsingtao Mayor Orders Proceedings Against Bank's Manager

Under instructions from the Tsingtao Municipal Government, a Liquidation Committee was formed to investigate the accounts of the recently suspended Tsingtao Branch of the Ming Hwa Commercial and Savings Bank. The Committee is composed of representatives of the Tsingtao Bankers' Association, the Tsingtao Bar Association, and the creditors. Proceeding immediately with its work, the Committee found that a total of $800,000 was remitted to Shanghai May 22 by order of Chang Chiung-po, the General Manager. Admiral Shen Hung-lieh, Mayor of Tsingtao, upon learning this, decided that judicial proceedings be initiated against Mr. Chang.

Extradition Asked in Hongkong for Chinese Postal Employee

Wanted in Shanghai on a charge of having embezzled $34,000 while Director-General of the Postal Remittance and Savings Bank, Yeung Kin-ping appeared in court in Hongkong May 27 in connection with a request for his extradition made by the Shanghai authorities. It is alleged that accused had agreed with S. Dren, a Deputy Director of the Postal Remittance and Savings Bank, to buy from a Mr. Toeg certain property in the French Concession in Shanghai for Tls. 1,050,000, and obtain a receipt forTls. 1,200,000. Documents which were produced mentioned Fred Nissim, a broker, as connected with the case.

Chinese Technical Expert to Receive Further Training in U. S. Mint

With the approval of the Ministry of Finance, the Central Mint is despatching Chang Hua-lien, technical expert, to the Philadelphia (U.S.A.) Mint to secure practical experience in the latest technical developments in minting processes.

In accordance with an order from the Central Government, the Chahar Provincial Government has imposed a ban on the export of silver from the province.

A move to remonetize silver was launched in Canada May 24, when Thomas Reid, Liberal member of the House of Commons for British Columbia, posted a notice at Ottawa concerning the introduntion of a silver bill which would increase the silver content standard of 800 parts in 1,000 to 925 parts in 1,000.

Osaka Mint Busy Breaking Down Chinese Coins to London Standard

The *Osaka Mainichi* states that shipment via Korea and Japan to London is one of the popular routes of smuggling silver out of China and the Osaka Mint is said to be busy with applications for breaking down Chinese coins to London standard. Exchange bankers are also busy with silver export bills.

British Registrar Says China Finance Corp. Is Controlled by Guaranty Underwriters

Acting at the instance of the British registrar of companies, Crown Advocate McNeill brought suit in the British Police Court before Magistrate Haines against the Guaranty Underwriters of China, Ltd., which was charged under Article 194, sub-section 2, the China Order in Council, 1925, with being under the control of an American firm, the China Finance Corporation, Fed., Inc., between July 30, 1934, and February 21, 1935. During the hearings it was disclosed that the shares of the Guaranty Underwriters of China Ltd., were divided between the China Finance Corporation, 41,900 shares, and the three directors, who held 100 shares between them:—S. A. A. Seth, British, 30; J. A. Turner, British, 30; and H. F. Payne, the only American director, 40. Mr. Seth, under cross-examination, said that his 30 shares and those held by the other two directors were as trustees for the China Finance Corporation.

Mr. McNeill explained that he brought the Finance Banking Corporation into the case to show that the Guaranty Underwrlters of China Ltd., was not a bona fide British company. The latter company held the majority of shares in the former company, which had been formed by and was entirely the property of the China Finance Corporation. And that tended to show that the whole of the business and assets of the Guaranty Underwriters of China Ltd., were controlled by the China Finance Corporation.

The following questions by Mr. McNeill (prosecuting) were answered as indicated by Mr. Seth:

Is it not correct that upon the carrying out of the agreement between the China Finance Corporation, the Guaranty Underwriters of China Ltd., and the Finance Banking Corporation, the net result is that the China Finance Corporation receives two businesses, one insurance and the other banking, without paying out any money?—Yes, except that the China Finance Corporation assumes all liabilities. They not only take the business over but they undertake to meet all liabilities in full.

Why did you think it advisable to change the incorporated American Guaranty Underwriters Company of Delaware to the British Underwriters, Ltd.?—The intent at the time was to increase the capital of the Finance Banking Corporation and then to absorb the China Finance Corporation and turn the whole of the business into a British company.

The China Finance Corporation would have subscribed the additional capital of the Finance Banking Corporation?—No, the idea was that the shareholders of the China Finance Corporation should exchange their shares for shares in the Finance Banking Corporation.

Magistrate Haines, at the close of the sitting of the Court May 27, reserved his decision.

Ninth National Railway Traffic Conference is Held in Nanking

The ninth National Railway Traffic Conference was formally opened at the auditoriums of the Ministry of Railways in Nanking May 16. A total of 95 officials and representatives of the various railway administrations were present, including Messrs. Ku Cheng-ting and Sah Fu-chun, respectively Directors of the General Affairs and Engineering Departments of the Ministry. Tseng Chung-ming, Political Vice-Minister of Railways, presided. The aim of the present Conference, he emphasized, will be centered on (1) the commercialization and rationalization of transportation, (2) increase in the efficiency of transportation, (3) unification of the regulations and systems of the different railways, (4) railway improvements, and (5) the adoption of a unified policy for freight charges.

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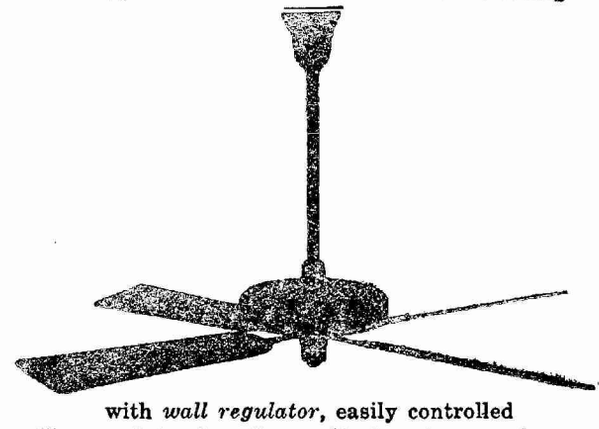

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73-031

Geneva Opium Committee Lauds China's Campaign Against Narcotics

IT was officially stated in Geneva, May 24, that for the first time in many years China is recognized by the Opium Advisory Committee of the League of Nations as being the most progressive country in the world in the campaign against opium and narcotics. The Chinese Government, having communicated to the League of Nations important documents describing the application of the new opium regulations which will be discussed at the 20th session of the Opium Advisory Committee now sitting, international circles agree that the biggest and most important changes in the opium and narcotic drugs situation are taking place in China.

Feverish efforts now being exerted by the Chinese Government, under the active leadership of General Chiang Kai-shek, for the suppression of opium and other narcotic drugs are officially considered in Geneva as proof of the sincerity of the Chinese Government to free China of the age-old curse.

A communique issued by the Anti-Opium Information Bureau emphasized that the Chinese regulations deal virtually with every phase of the opium question and manufactured drugs problems. While recognizing that details are lacking concerning the machinery established by the Chinese Government to enforce the regulations and that revenue being too strong a temptation to other governments, the League Opium Information Bureau pointed out the difficulties encountered by the Chinese government. The communique stressed that unmistakable progress is being made in China, thanks to the conscientious efforts exerted by the Government and General Chiang Kai-shek, as well as the various anti-opium organs.

Quoting from Manchukuo bulletin No. 67, the Bureau pointed out the existence of 900,000 smokers in Manchuria which is now under Japanese control, of which only 82,600 are licensed, and 210,000 drug addicts. It further says that 1,500 tons of opium escape the control of the authorities annually, claiming that 210,000 drug addicts are estimated to consume 30 tons of narcotics annually. It was also stated by the Bureau that Manchukuo as a source of supply in the illicit traffic of opium serves as a potential danger to the rest of the world.

3,565 Drug Addicts Cured in Nanking

A total of 3,565 drug addicts in Nanking have been cured of the habit opium smoking and drug consumption during the first four months of the year, namely from January to April, according to statistics released by the Opium Suppression Commission.

Morphine in Rice Bags—Plant in Rice Shop

When Shanghai Settlement detectives on the morning of May 28 stopped a wheelbarrow loaded with rice, crossing Thibet road bridge, they found five 5-lb. packages of morphine hidden inside the bags. Information from the coolie led to a raid on the Fong Chong rice shop at 868 Tiendong road, where a morphine manufacturing plant was discovered on the third floor. The alleged promoter of the scheme was arrested in another house in the same street.

Anti-Opium Week to Be Observed in Kweiyang

To give more impetus to opium suppression work in Kweichow Province, the Provisional Party Headquarters is inaugurating an anti-opium propaganda week in the near future. Among the various propaganda work will be the distribution of posters, the delivering of public lectures, and the featuring of special articles in the newspapers, expounding the evils of opium.

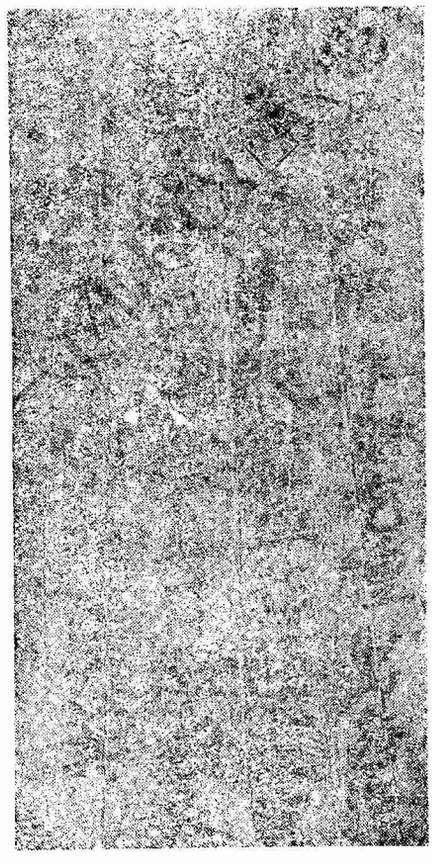
Japanese Stated to Be Taking Steps to Stop Opium Traffic in "War" Zone

At the request of the Chinese authorities at Tientsin the Japanese Consul-General there is stated to be taking drastic steps to put a stop to the transportation and sale of opium in the war zone by Japanese and Koreans.

All opium and opium-smoking paraphernalia seized and confiscated by the Kiangning (Nanking) District Court will be destroyed by fire on the grounds of the Fu Tzu Miao (Temple) at Nanking on June 3.

A handicraft factory for drug addicts will shortly be established at Nantung in east Kiangsu under the auspices of the Kiangsu Opium Suppression Commission, according to a decision made at a regular meeting of the Commission in Chinkiang May 26. When completed the factory will accommodate about 700 persons. All drug addicts after entering the factory are to learn some practical technique such as weaving, printing, and others, and also to undergo some military training for the improvement of their physical conditions.

Novel Form of Anti-Opium and Anti-Cigarette Propaganda



The illustration shown herewith is a photographic reproduction of a message urging the Chinese people to refrain from the use of both opium and tobacco, which was written on the back of a 10-cent note issued by one of the leading Chinese banks in Shanghai. The message was handwritten, apparently by someone who thought this would be a good method of circulating his ideas. The message on the note apparently did not interfere with its circulation as it was well worn. The message read, "Be advised not to smoke foreign opium or tobacco, the seeds of which are obtained from foreign countries. Smoking not only ruins your health but also your home and is a phase of a foreign plot to harm China. If you do not extinguish the burning embers of the opium-lamp, it will burn away all your cultivated land and property."

No Changes Involved in Personnel Because of Change to Embassies

In spite of the elevation to the status of embassies, there will be no change in the organization and personnel of the Chinese Legations in Japan, Germany and Great Britain, according to a spokesman of the Waichiaopu. Even prior to the elevation, the Chinese Legations in these countries, the spokesman explained, were organized in similar ways as embassies. The ministers were accorded ambassadorial rank and treatment and their staff members were ranked in the same way as those in embassies. With the exception of an increase in maintenance funds, it was explained, no change in either the organization or the personnel is therefore necessary. The spokesman also stated that the credentials for Gen. Chiang Tso-ping, first Chinese Ambassador to Japan, have already been forwarded to him in Tokyo.

The National Government issued a Mandate May 22, appointing Quo Tai-chi as the Ambassador Plenipotentiary of the Republic of China to Great Britain.

The National Government May 23 signified its accord with the proposal of the German Government for the appointment of Dr. Oskar P. Trautmann, the present Minister, as the first German Ambassador to China.

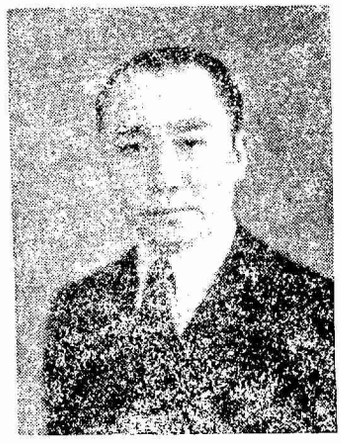
The appointment of the British Minister to China, Sir Alexander Cadogan, as first Ambassador to China, was officially announced in London, May 22.

The *China Times* commented on relations with Japan as follows:—"Now Japan looks upon China as a strong nation and has promoted her Legation here to the rank of Embassy. She is striving for a rapprochement between the two countries. It should be mentioned that the prerequisite of this rapprochement is to respect, sincerely and truly, the principle of international equality and international confidence. Otherwise, a rapprochement will not be achieved. We sincerely believe that there are broad-minded and far-sighted Japanese who do not want to repeat, in the present talks of cultural and economic raprochement, the mistakes made by Japan before. However, because of the very complicated situation between China and Japan, it will be difficult to obtain any real rapprochement based on equality and reciprocity."

Conversations concerning the transfer of the Japanese Embassy from Peiping to Nanking will be held by Mr. Ariyoshi, the newly appointed Ambassador to China, with the diplomatic envoys of other countries following his arrival in Shanghai. Mr. Ariyoshi is due here June 12.

Who's Who in China

Chaucer H. Wu, Government official; born at Chengtu, Szechuan, 1898; studied at Tsing Hua College, 1912-17; entered University College of London, 1917; served during the Great War in France, 1918; returned to the College after the Armistice, 1918, and was graduated, 1921; returned to China, 1922; appointed assistant sectional chief to the Government Bureau of Economic Information and concurrently was instructor, lecturer and assistant professor at the Teachers' College, the University of Communications and the China University in Peiping, 1922-25; promoted to be assistant chief of the Department of Investigation and Research, Government Bureau of Economic Information, 1925; attache to the Customs Tariff Conference and later acting chief of the Section on Conference Minutes and was given Special Mention for meritorious service, 1925-26; secretary to the Commission of Foreign Affairs and concurrently section chief of the Bureau of Compilation and Translation, 1926; member of the Commission on the Education and Protection of Railway Laborers, the Ministry of Communications, 1927; was in business in Tientsin, 1927-30; scretary to the Department of Foreign Affairs, Headquarters of the Commander-in-Chief of the Military, Naval and Air Forces, 1930; Chief Secretary to the Delegation of the National Government on secret mission to North China, 1931; Counsellor to the Commission of Military and Political Affairs to North China, 1931; Special Secretary (senior rank) of the Ministry of Foreign Affairs of the National Government (Canton), 1931; diplomatic representative of the Ministry of Foreign Affairs of the National Government (Canton), 1931; member of the Treaty Commiesion, the Ministry of Foreign Affairs of the National Government, 1932-35; editor and publisher of *China Voice*, 1932: appointed Special Inspector for Foreign Affairs, Szechuan and Sikong provinces, 1935: address: 3, Ta Chang Pa, Chungking, Szechuan.



吳 澤 湘
Chaucer H. Wu
(Wu Chai-hsiang)

吳澤湘，四川成都人，年三十八歲，前肄業清華學校，倫敦大學畢業，民國十年至十六年任國務院經濟討論處編纂，繼升股長副組長，同時任北京師範大學講師，北京交通大學教授及中國大學教授，民國十四年至十五年任關稅會議股員，繼代理會議處議事股股長，曾經傳令嘉獎，民國十二年任外交委員會秘書兼編譯科長，同時兼交通部職工教育委員會委員，民國十八年任海陸空軍總司令部外交處秘書，民國十九年任國民政府軍事政治代表團秘書長，同時任國民政府軍事政治委員會參議，民國十九年秋任國民政府外交部(簡任)特務秘書，繼任國民政府駐津特派員代表國民政府接洽外交事宜，民國二十一年一月派充外交部條約委員會委員，同年八月兼國際司辦事，同月外交部派充編譯德國調查中國工業團報告書委員會委員，現任外交部特派川康視察專員職，前英文中國民聲半月刊主筆。

"Oh, So-So !"

Are you one of the many who when asked how they are, usually reply, "Oh, just so so"? Or can you respond with a hearty, "Fine, thank you?"

The "just so-so" people almost invariably are those who are held in the bondage of constipation, with one or more of its attendant ills—sick headache, liverishness, biliousness, ill-temper, gloom, ill-smelling breath.

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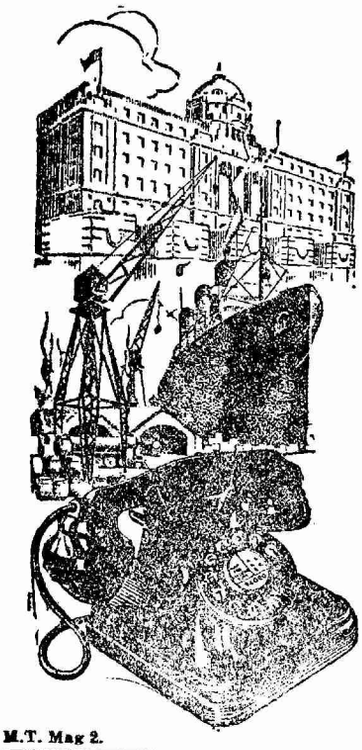

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73-033

Men and Events

F. A. Merrick, president of the Westinghouse Electric and Manufacturing Co., is on a visit to Shanghai.

The new Shanghai Civic Center telephone exchange in San Ming Road commenced operations this week.

The fifth annual meeting of the China Statistical Society is being held in Nanking from May 31 to June 2.

At the request of Ma Chao-chun, Mayor of Nanking, the Executive Yuan, May 21 decided to make a grant of $50,000 to the Nanking Municipal Hospital.

More than 100 passengers were killed or seriously injured when the steamer *Changloh*, plying between Changsha and Tsinshih in north Hunan, exploded, May 20.

The Mukden branch of the National City Bank of New York was due to close at the end of May. All accounts and deposits have been transferred to the Bank's Harbin branch.

General Chang Chi-chiang, Director of the National Boxing Institute, will sail on June 7 for a six months' investigation tour to various foreign countries. He has been granted a long leave by the Central Government.

Li Tso-yu, Administrstive member of the Fukien Provincial Government and concurrently Commissioner of Civil Affairs, has tendered his resignation from his posts. Kao Teng-ting is to be appointed his successor.

Mrs. Herbert Asbury May 24 proceeded from Shanghai to Peiping, where she spent the week sight-seeing. She plans to leave China soon for Japan, and sail from there early this month for the United States.

Chu Hao-hsiang, director of the International Affairs Department of the Ministry of Foreign Affairs, was appointed Minister to Belgium May 21. He succeeds Dr. Chang Nai-yen, who has resigned on account of ill health.

Hu Ching-tang, a high official of the Changyi District Government in eastern Shantung, was executed May 24 by the provincial authorities. Hu was charged with and convicted of embezzling public funds amounting to $60.

A resolution was adopted by the Executive Yuan May 21 that the physical examination of girl students should be carried out by women doctors; when the services of a woman physician are not available, the girls should be exempted from examination.

The Little Club at 278 Bubbling Well Road, one of the best known of Shanghai's cabarets, is closed, following an attachment issued by the U. S. Court for China last week on a promissory note for $3000, due last July, issued to Ah Sing by Mont Berg, the manager.

Shanghai flour mills are working full time, using both foreign and Chinese wheat. At present Shanghai mills have a million bags of flour. The Chinese flour mills have placed orders for large quartities of Australian wheat to be shipped to China in the early part of July.

Two Chinese gunmen entered a lane in Yangtszepoo road, Shanghai, on the night of May 27, and murdered one and seriously wounded two other occupants. The robbers gathered booty valued at $500. The victims put up no resistance. The robbers escaped.

The first Chinese Sorority in the United States was established on the campus of the University of Michigan at Ann Arbor. The Sorority has been named the Sigma Sigma Phi and will include all Chinese women studying in American or foreign colleges and universities.

I. V. Oshanin, Secretary of the Soviet Embassy in China, called on Kao Chung-wu, Director of Asiatic Affairs of the Ministry of Foreign Affairs at Nanking May 54. Mr. Oshanin discussed certain Sino-Japanese problems with the Chinese official on behalf of the Soviet Ambassador.

Negotiations are in progress for the transfer of the Yangtsze Rapids s.s. *I-ping* and the s.s. *Chi-ping*, for which the China Finance Corporation are trustees, to Butterfield & Swire. The transfer will mean a change from the American to the British flag. The vessels are in the Upper Yangtsze service.

A. W. Burkill was guest of honor at a luncheon given by the Joint Committee of the British Chamber of Commerce and the China Association May 24. Mr. Burkill was one of the founders of the British Chamber of Commerce in 1915. He departed this week for England where he will live in retirement.

A telegram from Reno, Nevada, May 28 stated that Mrs. Pearl Buck is preparing to divorce her husband, Prof. John Lossing Buck, of Nanking University. It was rumored that Mrs. Buck plans to marry Richard Walsh, partner in John Day and Company, New York publishers, following the divorce from her husband.

Memorial Day (formerly known as Decoration Day) was observed May 30 by the American community in Shanghai with the customary services at the Bubbling Well Cemetery, with Consul General Edwin S. Cunningham acting as Master of Ceremonies. The main address was delivered by R T. Bryan, Jr.

O. S. Lieu, managing-director of the China Merchants Steam Navigation Company, in a petition to the Ministry of Communications last week recommended the appointment of Shen Shih-shun, special deputy of the Ministry of Railways, to serve as concurrently manager of the Nanking branch of the Navigation Company.

Admiral Upham was due to arrive in Shanghai from Nanking on the U.S.S. *Augusta*, flagship of the American Fleet in Asiatic waters, May 30.

Rear-Admiral Lewis Crabbe will succeed Rear-Admiral Chilton as senior Naval Officer on the British Yangtze Station as from August 23. He is due to arrive in Shanghai on October 21.

Governor Frank Murphy and Senator Quezon and their parties are passengers on board the Dollar liner s.s. *President Coolidge*, which is due to arrive in Shanghai from San Francisco on the afternoon of June 3.

No trace has yet been found of the Rev. Henry J. Bush, the American Roman Catholic priest connected with the Mary Knoll Mission in Kwangtung, who has been missing for more than two weeks. It has been confirmed, however, that Father Bush reached the village of Lan Chia Pang, 12 miles from the Kiangsi border, latter part of April.

Tang Leang-li, editor of the *People's Tribune*, was host at an informal tea party at the Husi Country Club, Hungjao road, on Saturday, May 25 in honor of Dr. T. T. Li, director of the Intelligence and Publicity department of the Ministry of Foreign Affairs at Nanking. Dr. Li, who was in Shanghai on a business trip, returned to Nanking on Sunday.

Percy Chen, who has lived in Moscow for the past few years, gave an address at the International Arts Theater, 50 Nanking road, May 28, describing the enthusiastic reception given to Dr. Mei Lan-fang during his recent visit to Moscow. Films of Bangkok, Peiping, rural China and Japanese geisha dances, made by Cecil Ezra, were exhibited at the same theater May 30.

Having been granted leave of absence by the Central authorities, Tai Chi-tao, President of the Examination Yuan, departed from Nanking May 25 for Chungking by airplane to visit his ancestral home in Szechuan. He was accompanied by Hsu Chung-hao, Secretary-General of the Examination Yuan, Wu Po-fei, counsellor of the Yuan, and Wan-yu-chu, his physician.

Chang En Appointed Director of Kweichow Telegraph Administration

By an order of the Ministry of Communication, Chang En, director of the Telegraph Office of Ichang, western Hupeh, has been promoted director of the Telegraph Administration of Kweichow. Mr. Chang succeeds Tao Sheng-fu, who has been relieved of his post and recalled for duties at the Ministry.

The resignation of Li Tsu-yu as member of the Fukien Provincial Government and concurrently Provincial Commissioner of Civil Affairs for Fukien, has been accepted; Kao Teng-ting has been appointed his successor.

The resignation of Yu Ting-ming as member of the Ninghsia Provincial Government and concurrently Provincial Commissioner of Reconstruction for Ninghsia, has been accepted; Ma Ju-lung has been appointed his successor.

Wu Sung-kao, Counselor of the Ministry of Foreign Affairs, will most likely be appointed Director of the International Affairs Department to succeed Dr. Cou Ao-hsiang, who has recently been appointed Chinese Minister to Belgium in succession to Dr. Chang Nai-yen, resigned.

The Ministry of Industry has accepted the resignation of Han Chun-heng, Director of the Central Bureau of Factory Inspection, due to ill health. Chao Kuan-ting, section-chief of the Department of Commerce of the Ministry, has been appointed his successor.

A mass meeting was held in Anking May 26 to welcome Miao Pei-cheng, regional Commissioner of the Control Yuan for the Anhwei-Kiangsi Area. The meeting was presided over by Fu Tung, President of Ankiang University, and attended by over a thousand representatives of the various public bodies.

Chen Chao-ying, regional Commissioner (*Chien-Cha Shih*) of the Control Yuan for the Fukien-Chekiang Area, arrived in Foochow May 25 from Nanking by airplane.

Yugoslavian Arrested in Shanghai as Marseilles Murder Suspect

A Yugoslavian sailor known as Abramovitch and also as Michkos, was arrested in Shanghai last week, following his "denunciation" by two Greeks and one Pole—shipmates with him on the s.s. *Calcut* from Marseilles to the Far East—who declared that during the trip, the Yugoslavian had, under the influence of alcohol, described himself as a terrorist and boasted of being a member of the gang who plotted and brought about the deaths of King Alexander and Mr. Barthou in Marseilles last year. Michkos, when brought the First District Court, denied any participation in the assassinations. Michkos had come out to Kobe on a German passport, which the German Consul at Kobe took from him. In the meantime he is serving a prison sentence in Shanghai for an assault on a fellow seaman.

Yugoslavia Waives Charges of Political Responsibility for Marseilles Murders

Upon the insistence of Anthony Eden, at Geneva, the Yugoslav government has agreed to waive its charges on the political responsibility for the murder at Marseilles last October of King Alexander and Louis Barthou. In view of this fact the League Council has determined to regard the matter as closed.

General Chiang Receives U.S. Mission Members at Chungking

Members of the American Economic Mission, headed by Cameron Forbes, held lengthy conferences at Chungking, Szechuen province, end of last week with prominent Chinese financial commercial and official representatives.

General Chiang Kai-shek, Chairman of the Military Affairs Commission, who recently returned to Chungking, from Kweichow, received the members of the American Economic Mission at his headquarters May 24, and enthusiastically participated in conversation with the investigators.

Various problems were fully discussed with General Chiang who was plied with innumerable questions relating to the political and economic situation. The visitors were entertained by the Generalissimo and Madame Chiang.

When Madame Chiang left Yunnan May 24 she was given an enthusiastic send-off by a huge crowd at the airport in the Yunnan capital. Her airplane flew north to the Yangtze, and then along the course of the upper river to Chungking.

Individually and collectively, members of the American group said they were distinctly satisfied with their conversation with General Chiang Kai-shek.

Mr. Forbes, in an interview at Chungking, said, "The American Economic Mission, after an extremely interesting visit to Chungking, sent a delegation to Chengtu, where they were received with great enthusiasm and a beautifully decorated city. The problems, opportunities and needs of Szechuan have been instructively indicated to the Mission during its stay in the province by parties interested in its finance and trade. The desire for American co-operation has been very clearly expressed. The Mission was privileged to have interviews with Gen. Chiang Kai-shek at his residence and we were entertained by him and Mme. Chiang in a gracious manner. In the course of these interviews, the purposes of our Mission in making the visit to China were explained and many problems of mutual interest to America and China came under consideration. The commission is greatly pleased to find Gen. Chiang enjoying robust health, despite the strenuous labor which he has had to exert in bringing about his amazing achievements of the New Day, and order and better conditions in Western China."

The members of the Mission have in the meantime returned to Shanghai.

Chief Secretary of Labor Section to Investigate Tzechwan Mine Disaster

Li Jen-tso, Chief Secretary of its Labor Section, proceeded to Tzechwan, northeastern Shantung, this week to investigate the recent disaster in the collieries of the Lu Ta Mining Company.

A meeting of representatives of the Tzechwan District Government and the workers of the Lu Ta Mining Company was convened by Liang Tsin, Section-Chief of the Ministry of Industry, at Tzechwan May 25 to discuss rehabilitation measures at the collieries of the Company. It was decided that funds be raised for the relief of the families of the workers who were drowned by the flooding of the pits. Efforts are being continued to pump out the water.

If You Are Over Thirty—Read This.

Good health cannot be taken for granted any more than a good income can. So for persons over thirty it is just as important and business-like to plan to enjoy good health as it is to plan to enjoy a good income.

Ill-health rarely comes suddenly. At first the signs are scarcely perceptible, you feel a bit off-colour, not exactly well, your reaction is chiefly one of annoyance and your temper is affected. If your blood were tested it would most likely be found to be lacking in red corpuscles, and these, in turn, deficient in haemoglobin. Make up this double shortage and you will come up to normal health again: neglect it and serious results may follow.

The importance to health of maintaining the vitality of the blood at normal was realised many years ago by a British physician who devised a preparation which has the specific effect of improving the quality and quantity of the blood, thereby restoring vitality, steadying nerves, imparting strength and toning up the whole system. This preparation, now known the world over as Dr. Williams' Pink Pills, has helped run-down people back to health for over half a century. Recent clinical tests have proved conclusively that Dr. Williams' Pink Pills improve the health by enriching the blood.

The person over thirty who finds good health slipping is well advised to take at least a 30 day treatment of this excellent remedy.

Equally good for men and women, Dr. Williams' Pink Pills may be given to growing boys and girls with most beneficial results. Your chemist can supply this ideal tonic remedy.

Coca-Cola

Delicious and Refreshing

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THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

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THE CHINA WEEKLY REVIEW

160 Avenue Edward VII

Shanghai.

In the American Consular Court for the District of Shanghai

National Commercial Bank, Ltd., Plaintiff, vs. John M. Murray, Defendant.	Civil No. 721 COMPLAINT. Filed at Shanghai, China, May 2, 1935. William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

ORDER

The object of this suit is to recover the payment of rent and to have judgment of condemnation of certain property of the defendant levied on under an attachment issued in this suit to satisfy the plaintiff's claim.

It is therefore, this 10th day of May, 1935, ordered that the defendant appear in this court on or before the fortieth day, exclusive of Sundays and legal holidays, after the day of the first publication of this order, to defend this suit and show cause why said condemnation should not be had; otherwise the suit will be proceeded with as in case of default.

BY THE COURT:

A. H. DRISCOLL,

Acting United States Commissioner,
Ex-Officio Judge of the Consular Court
for the District of Shanghai, China.

United States Supreme Court Rules Against N. I. R. A.

The United States Supreme Court May 27 ruled the codet making provisions of the National Industrial Recovery Acunconstitutional, holding Section 3 of the Act, empowering the President to promulgate codes of fair competition, to be an improper delegation of legislative power to the Chief Executive; the court also held that President Roosevelt acted improperly in summarily removing the late William E. Humphreys, Republican, from his post as a member of the Federal Trade Commission. The Frazier-Lemke Farm Mortaage Moratorium was also declared unconstitutional.

The effect of the decisions, it is admitted by "New Deal" supporters, is that the N.R.A. is doomed to extinction.

Ford Motor Co. Restores U.S.$6 Wage Minimum

Restoration of the U. S. $6 a day minimum wage was announced by the Ford Motor Company in Detroit, May 20, bringing the minimum wage level back to the Ford wage level of 1929.

Recent advices from Detroit indicated that Henry Ford will be able to fulfill the prediction he made in December last year that one million Ford cars will be built in 1935. The Ford company announced recently that an all-time record in the purchase of materials and supplies for the Ford V-8 was set in March when the bills totaled $81,000,000. The best previous high mark was reached in April 1930, when the Company's purchases totaled $78 000,000. And in that same month the Ford payroll totaled $16,500,000. Some idea of the physical proportions of these purchases may be obtained from the fact that during March railroad freight movement through the Rouge River plant yards totaled 33,955 freight cars. This was 11 percent greater than the all-time record set in the previous month of 31,500 freight cars.

Japanese Fishing Boats Under Suspicion in Los Angeles Harbor

The Senate Committee on Federal Relations heard attacks and support in connection with the anti-alien fishing bill, at Sacramento, May 7 but did not act. Pat Lyons, the Los Angeles Legion representative, told the Committee that if aliens are permitted to fish and commercially run boats around naval vessels as they do in Los Angeles harbor, "the large investment in the Navy might as well be scrapped."

U.S. Soviet Trade Parleys Are Resumed at Washington

M. Troyanovsky and the U.S. Department of State May 25 resumed the U.S.-Soviet trade negotiations which were deadlocked several months ago.

New American Note Issue to Refund $770,000,000 of Maturities

Henry Morgenthau, Secretary of Treasury, announced May 27 that he would offer on or before June 15 an issue of notes to refund approximately $770,000,000 of maturities.

League Council Discusses Special Seat for China

The Council at a secret meeting at Geneva May 24 discussed a proposal by Quo Tai-chi, Chinese Ambassador to Great Britain, concerning the securing of a special Council seat for China. The question was referred to the forthcoming Assembly which will convene next September. Previous messages from Geneva stated that Mr. Quo had spent a busy time in Geneva energetically working to rally members of the League of Nations Council to his viewpoint that China is entitled to a special seat on the Council.

The Shanghai *Mainichi*, quoting alleged foreign sources, said that whether China will succeed in securing a seat in the League Council or not depends on Sino-Japanese relations in the future. Since Japan has withdrawan from the League of Nations, China is the only member of the League from the Far East, and having the support of Japan, China will be highly considered by the other members of the League in the future.

Japan to Be Represented in League's Social Work Organs

Japan will continue to be represented on the League of Nations' Advisory Committee on Opium and the Committee on the Promotion on Welfare of Young Men and Children, despite her withdrawal from the Geneva body, a Foreign Office spokesman stated in Tokyo, May 17.

Italy Accepts Franco-British Proposals in Abyssinian Dispute

Although the Italian Government is continuing the dispatch of troops to East Africa, the outlook for an eventual peaceful settlement of the dispute with Abyssinia became brighter when Signor Mussolini on May 25 accepted the proposals of the French and British delegates for a settlement of the dispute in accordance with Art V. of the Italo-Abyssinian Treaty of 1928.

Dr. C. T. Wang Lauds Overseas Chinese in Pan-Pacific Address

Dr. C. T. Wang, former Minister of Foreign Affairs, delivered an informative address on "The Overseas Chinese and Their Contributions to the World" at the annual general meeting of the Pan-Pacific Association of Shanghai May 28. Dr. Wang, who presided, returned from a tour of the Straits Settlements and South Sea Islands recently. The history of the Chinese overseas, Dr. Wang stated, reads like an epic. Chinese immigrants have, since centuries ago, gone out to every part of the continents bordering the Pacific, and to-day they may be found as far north as Siberia, and as far south as Australia and New Zealand. Speaking of the immigrants in the Straits Settlements and the South Sea Islands, Dr. Wang said they migrated chiefly from two small sections—the eastern section of Kwangtung, with Swatow as the plance of embarkation, and the southern part of Fukien, with Amoy as the chief port of embarkation. These immigrants, together with those from Chekiang Province and half of Kiangsu, had shown great independence. The Chinese immigrants were industrious farmers, and they never failed to get a living. Were it not for this character, they could not have settled abroad. The Chinese immigrants not only had a keen sense in business and trade, but they were thrifty. They climbed to great wealth from small savings. They went abroad virtually empty-handed, but by economic living and hard work, they were not only able to make their living but to earn money. When their earnings and small savings accumulated, they carried on trade; they imported goods and exported native products to all parts of the world. Many of their descendants abroad now owned millions, large estates, and huge factories.

In the course of his remarks, Dr. Wang said, "It is a law of nature that it is the most enetgetic, economical, and peaceloving who should inherit the earth."

National Employment Bureau to Help Graduates to Find Employment

The National Academic Inquiry and Employment Bureau (jointly organized by the Ministry of Education and the National Economic Council) has communicated with various government as well as private institutions of higher learning, requesting information concerning the number of students to be graduated at the end of the present academic year. Students who wish to find employment through the Bureau are called upon to send in their names for registration.

A set of detailed regulations governing the conferment of academic degrees was announced by the Ministry of Education May 23. Degrees for eight different subjects, namely, arts, science, law, education, agriculture, engineering, commerce and medicine are provided for. The degrees are of three grades for all the subjects: Bachelor, Master and Doctor.

A party of 27 educational investigators, organized by the Chungshan University, Canton, arrived in Peiping May 24. They continued their investigations for a week.

Rockefeller, Jr. Gives Away U.S. $1,150,000; Has U.S.$68,000,000 Left

According to a report of the Securities and Exchange Commission at Washington on April 16, John D. Rockefeller, Jr., during March gave away 85,000 shares of Socony-Vacunm Oil company capital stock, valued at $1,150,000 in U. S. currency. The report stated that Mr. Rockefeller still has 5,008,870 shares, which at that time were valued at U.S.$68,000,000.

California Oil Co. Has Abundant Supplies in Manchuria

A recent *Rengo* message from Hsinking published in the newspapers in Japan stated that the withdrawal of British and American oil companies from Manchuria will give little inconvenience to Manchukuo as the California Oil Company, which competes strongly with the three principal companies, had abundant supplies.

Chinese Boy Scouts to Participate in American Celebration

The Chinese delegation of Boy Scouts to be sent to America to participate in the grand jamboree to be held in celebration of the 25th anniversary of the founding of the American Boy Scouts' Union will consist of eight scouts led by two officers. One each from the municipalities of Nanking, Shanghai, Tientsin, Peiping and Hankow, and the provinces of Kiangsu, Chekiang, Hunan, Hupeh and Hopei will be chosen and will concentrate at the Capital to undergo a month's training before sailing for America. The expenses of the delegation have been fixed at $25,000.

New Books of Interest in the Far East

War Correspondent Discusses the Far Eastern Situation

Storm Clouds Over Asia. Our Growing Pacific Problem.—By Robert S. Pickens. Literary Digest Books. Funk and Wagnalls Co., New York and London. September, 1934.

The Pacific and Far Eastern situation attracts nowdays the attention of the whole world and for this reason Mr. Pickens' book is timely and interesting.

Mr. Pickens spent a considerable period of time in China as special war correspondent and was personally acquainted with such well-known figures as General Chiang Kai-shek and Michael Borodin.

In the first pages of his book Mr. Pickens tries to analyse the events of the last few years.

"In September, 1931, following a series of cheap victories, Japan set up the state of Manchukuo; seized 10,000 square miles of China within the Great Wall; forced Russia out of a sphere of influence she had occupied for 50 years. She stands unchallenged the mistress of the Western Pacific from Hongkong to the Bering straits.

"The carefully prepared Nine-Power Pact was completely wreckd when the Japanese army moved across the Great Wall. The Kellog-Briand Pact outlawing war as an instrument of national policy has been broken beyond repair. There is talk of war and preparation for war. The blood scent is in the Oriental air."

Such is the sinister prognostic made by the author.

Meanwhile Japan has interior troubles and problems to solve —such as overpopulation, industrial development, the governmental situation, the situation of farm community and many others.

Chapter IV of the book deals with Chinese Affairs to and after revolution of 1911. Here one can follow the current of Chinese history—the first appearance of foreigners in China, the division of Chinese territory among the Western powers, the decadance of the Manchu Dynasty, powerless and unable to halt this foreign invasion. At least "the powerful and violent revolution overthrew the Manchu Dynasty, and the history of China from that time until the present has been swift "complicated and chaotic."

The struggle among unnumbered War lords ended with the establishment and recognition of the Nanking Government. But the new menace, in which the U. S. S. R. plays the main part, appears. This menace is communism.

The Commission of Inquiry of the League of Nations, in its study of the Sino-Japanese War found, that "Communism in China not only means, as in most countries other than the U.S.S.R., either a political doctrine held by certain members of existing parties, or the organization of a special party to complete for power with other political parties. It has become an actual rival of the national government. It possesses its own law, army and government, and its own territorial sphere of action.

A special chapter is devoted to the analysis of the American interests in the Pacific.

The author criticizes severely the American policy in the Philippines.

As to China,—aside frome some physical evidences of special interests, the United States has played a major part in the development of political thinking in China. The cultural stake of the United States in the East has had a long and distinguished history. Its foundation was laid by the missionaries and most of its development has been in their hands.

From the standpoint of commerce the United States has penetrated into all parts of the East. The U. S. completely dominates the Philippine market, has built up a vast trade with China and has been the principal purchaser and seller in the Japanese market for years.

Mr. Pickens has a facile pen and his book is extraordinarily well worth reading.

M. R. S.

New Magazines Established in Shanghai

The High Hatter is the name of a new illustrated magazine published in Shanghai with the following staff: Editor, Tony Beacon; society editor, Itala Chieri; feature editor, Karin Horiguchi. The *High Hatter* is profusely illustrated, among the sketches being: "B. Monteith Webb," "Aline Sholes," and a two-page spread, "Shanghai Newsreel."

A new monthly magazine has been started in Shanghai with the title *Cabbages and Kings*, of which Lee Lockhart is editor, assisted by Betty Moffett, Vera Prince and Anne Finkelstein. The principal article in the initial number was entitled, "Art in Excelsis—the Preliminary Exhibition at Shanghai," by Dr. Esson M. Gale.

CUSTOMS NOTIFICATION No. 1446

The public is hereby notified that in accordance with Government instructions fresh and dried fruits and vegetables are in future to be subjected to inspection by the Government Testing Bureau of Shanghai before importations from, or exportations for, abroad can be permitted.

The procedure in this connexion, detailed information concerning which can be obtained at the Custom House, will come into effect from the 27th May, 1935.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th May, 1935.

CUSTOMS NOTIFICATION No. 1447

The public is hereby notified that in accordance with Government instructions the export abroad of hemp seedlings is prohibited.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th May, 1935.

CUSTOMS NOTIFICATION No. 1448

With reference to Customs Notification No. 1427, notifying the introduction of regulations for the marking of weights of heavy steamer-borne parcels and packages, the public is now informed in accordance with Government instructions that, as long as the captain of the importing steamer or other responsible person can report the approximate weights of unmarked packages to the stevedores at the time of discharge, such packages need not be marked with the weights.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 25th May, 1935.

CUSTOMS NOTIFICATION No. 1449

With reference to previous Customs Notifications concerning the movement of silver coastwise and abroad, the public is now notified that in accordance with Government instructions bullion and/or loose silver suitable for minting or other purposes must be covered by Ts'ai-chêng Pu Huchao when shipped or sent by parcel post coastwise from an open port.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 27th May, 1935.

Ten Percent Customs Surtax Imposed from June 1

The proposal of the Ministry of Finance for the imposition of a surtax on all Customs duties from June 1, when interport duties were abolished, was brought up at a meeting of the Legislative Yuan May 24. After some discussion the meeting approved, as a general principale, the collection of a 10 per cent surtax on Customs duties. This means that on every $100 Customs duty an additional $10 is being collected for surtax. The purpose of the surtax is to make up for the loss which the abolition of interport duties on June 1 involved. Meanwhile, the Ministry of Finance has been asked by the Legislative Yuan to draft a new tariff schedule within a year, basing the new tariff rates on domestic conditions.

A petition recommending the further increase of the import duty on coal so as to prevent foreign dumping on the native coal market was recently submitted to the Central Government by the National Mining Association.

An order of the Ministry of Finance to the Fukien Provincial Government. May 25 stated that the special business Tax, imposed by the Fukien Provincial Department of Finance, must be abolished immediately.

Lunghai Railway Extension to Use Southern Route

In view of the mountainous parts in eastern Kansu, rendering engineering work extremely difficult, the Lunghai Railway authorities have decided to build the projected extension connecting Sian and Lanchow along the southern, instead of the eastern, section of Kansu, as was originally planned.

A loan for $4,860,000 from a syndicate of five banks has been arranged for the extension of the Lung-Hai Railway from Sian, the present western terminus of the line, to Paochi, western Shensi.

The National Reconstruction Commission announces that the engineering work on the Hofei-Chaohsien section of the Huainan Railway, in central Anhwei, is to be completed by the end of June.

The Chekiang-Kiangsi Railway will issue $50,000 worth of bonds to finance the construction of Yushan-Pinghsiang railway and the change of the road bed of the Hangchow-Yushan Railway.

As a result of the negotiations between Tseng Yang-pu and eight Chinese banks in Shanghai, agreement has been reached in principle for a loan of $16,000,000 to be used for the construction of Nanchang-Pinghsiang railway.

$200,000 for Hupeh-Szechuen Highway

In compliance with the instructions issued by General Chiang Kai-shek, the Central Bank of China will advance $200,000 for the construction of the Hupeh-Szechuan Highway.

The Inter-Communications Conference of the Kiangsu, Chekiang and Anhwei Provinces and the Nanking and Shanghai Municipalities summoned by the Ministry of Communications was formally opened in Nanking May 21.

The Kiangsi Provincial Government, at its regular meeting at Nanchang May 24 decided to increase the construction expenses by $300,000 of the "Chung Cheng" bridge spanning the Kan River between Nanchang, the provincial capital, and Niuhsing station of the Nanchang-Kiukiang Railway.

Ningtu-Juikin-Highway Completed with Soldier-Labor

The highway between Ningtu and Juikin, former bandit districts in southeastern Kiangsi, has been completed, according to a recent dispatch from Nanchang. It was built by soldier-labor.

$12,000,000 Set Aside for Work of National Economic Council This Year

Chin Feng, Secretary-General of the National Economic Council, announced that the budget of expenditure of the National Economic Council for the current fiscal year had been fixed at $12,000,000, of which, $6,000,000 will be devoted to water conservancy work, while the remaining half will be devoted to financing other projects of the Council. Mr. Chin added that the total expenditure for the activities of the Council last year was $5,000,000.

Chahar Provincial Government to Develop Mining Industry

In view of the rich mineral resources, particularly coal, in Chahar, the Chahar Provincial Government has decided to take measures to open the coal mines in the province.

New British Cotton Mill to Be Completed in Tsinan Shortly

The new British cotton mill which is being built in Tsinan will be completed in the near future.

Extensive Experiments with Cotton Seeds Carried on at Nanking

A large scale experimental plantation of various kinds of cotton seeds collected from the United States and other parts of the Pacific area is being conducted by the Central Agricultural Experimental Station in Nanking in cooperation with over 20 cotton industrial institutions throughtout the country.

A total of 20 cotton experimental organs in 14 provinces and municipalities, including Kiangsu, Chekiang and Nanking, will cooperate with the Central Agricultural Research Bureau in the promotion of cotton research.

The Shensi Native Goods Department Store, organized by a group of prominent merchants in Shanghai and Sian, was formally opened in Sian, May 26.

Bank of China to Grant Facilities for Purchase of Cocoons

Chin Jun-chuan, manager of the Hangchow branch of the Bank of China, has received orders from the Head Office in Shanghai to provide loan facilities for the purchase of silk cocoons at various centers in Chekiang province.

Peasants at Wusih Destroy Silkworm Egg Control Station

A group of several thousand peasants in the Wusih district last week demolished the Ta Tung Hotel, the headquarters of the model silkworm egg control station, in order to show their recentment against the control which is exercised.

Shanghai Cotton Mills Will Reduce Output Owing to Accumulation of Stocks

The Chinese Cotton Mill Owners held their annual meeting this week. Owing to the fact that the mills have more than 50,000 bales of yarn in stock, with no market in sight they decided to restrict output.

Oil Resources in Shensi and Szechuen to Be Developed

The Shanghai *Shun Pao* says a gigantic plan has been drawn up by the Ministry of Industry for the opening of oil resources in Shensi and Szechuen provinces.

Shanghai City Chamber Suggests Modification of Proposed Bankruptcy Law

The Shanghai City Chamber of Commerce in a petition to the Legislative Yuan, in reply to a memorandum from the Yuan soliciting criticisms of the proposed draft of the Bankruptcy Law has suggested that the provision that a person may be adjudged bankrupt if he suspends payment of his debts is too harsh upon the debtor and should be revised so as to provide that a person may be adjudged bankrupt when he suspends payment of all his debts.

Ministry of Industry Issues Wheat Production Statistics

The Ministry of Industry last week issued statistics showing that the average yearly production of wheat in China amounts to 427,219,350 *tan*. Not including Kwangsi, 383,953,130 *tan* are produced in China proper and 29,774,990 *tau* are produced in the Northeastern provinces. (A *tan* is usually call *picul* in English, of which 16 go to a short ton. The Northeastern provinces, referred to above, constitute Manchuria, now in control of the Japanese).

General Chiang Kai-shek Again Orders Enforcement of Compulsory Labor

Enforcement of compulsory labor in the service of the State was again ordered by General Chiang Kai-shek, President of the Military Affairs Commission, in a circular dispatch to the Provincial Governments of Hupeh, Honan, Hunan, Anhwei and Kiangsi, May 13. In case the peasants are busy with their farming, compulsory labor may be postponed and resumed in the following year.

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Quickly Become
Well and Cheery
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The Reason Why.

Children do not get cross and low-spirited for nothing —the ill-tempered, gloomy child is usually so because of trouble of some sort in the digestive tract.

Baby's Own Tablets act quickly yet gently on the digestive organs of the little ones, clearing away sourness and impurities, restoring the stomach and intestines to a clean, healthy, active condition. And for the prompt relief of croup and colds they are unsurpassed.

"I have found it wise to give Baby's Own Tablets whenever 'Sonny' has a slight cold or whenever he is inclined to be cross," writes Mrs. F. Kathleen Sager, a Canadian mother residing at 152, Dynevor Road, Toronto.

As an aid to teething, and to allay its pains. Baby's Own Tablets act almost as if by magic; they cool feverishness, they check vomiting and diarrhoea; when worms are present they expel them quickly and without nausea or discomfort to the child. Of chemists everywhere.

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